

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2014

TUESDAY, JUNE 11, 2013

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Richard J. Durbin (chairman) presiding.
Present: Senators Durbin, Leahy, Mikulski, Murray, Reed, Landrieu, Pryor, Cochran, Shelby, Collins, and Graham.

DEPARTMENT OF DEFENSE

OFFICE OF THE SECRETARY OF DEFENSE

STATEMENT OF HON. CHUCK HAGEL, SECRETARY OF DEFENSE

ACCOMPANIED BY HON. ROBERT HALE, UNDER SECRETARY OF DEFENSE, COMPTROLLER

OPENING STATEMENT OF SENATOR RICHARD J. DURBIN

Senator DURBIN. Good morning and welcome.

The subcommittee meets this morning to receive testimony on the fiscal year 2014 budget for the Department of Defense (DOD).

And I am pleased to welcome the Secretary of Defense and our former colleague, the Honorable Chuck Hagel—thank you for being here, Chuck—Chairman of the Joint Chiefs of Staff, General Dempsey; and Bob Hale, the Comptroller of the Department of Defense.

We are going to speak today about budgets and, more importantly, about people. All of the services' secretaries and chiefs have appeared before the subcommittee this year and have expressed great concern over the impact of sequestration, particularly how the size and pace of spending reductions have the potential to degrade our Nation's defense. Sequester, the increase in cost of fuel, shortfalls in overseas contingency operation (OCO) accounts have reduced the Department's operations and maintenance accounts by nearly \$26 billion in this fiscal year. The Department's recent omnibus reprogramming that the subcommittee is reviewing could offset about \$7.3 billion of the OCO shortfall, but the Army would still have a \$3.5 billion bill for the war in Afghanistan, with limited flexibility in paying it. I would like to know the options that are being considered to fill this gap, as well as more detail.

For fiscal year 2014, the President's budget requests \$515.6 billion in base funding, \$79.5 billion for OCO. Secretary Hagel, you

initiated a Strategic Management and Choices Review to examine options for how the Department would absorb the approximately \$52 billion in additional cuts under sequestration, and I want to hear an update today and I am sure I will. We cannot solve the budget issues without being smarter and without making certain that we have spending cuts that are reasonable.

Two weeks ago, I discussed the Army's track record on acquisition with Secretary McHugh and General Odierno, an average of \$1 billion spent every year for decades on programs that were later canceled.

Tomorrow, I am holding a hearing on the tuition assistance program, again to make sure that the Department's spending is focused on getting the best bang for the buck.

Next week, I am holding a hearing on the Joint Strike Fighter so that we can have a clear understanding of where this very expensive program is headed.

Quite simply, we do not have the funds for business as usual if we also wish to make investments across the Government for a competitive, healthy, educated workforce. I know you agree, and the subcommittee is committed to working with you to encourage this.

I also want to hear from you on personnel, people. General Dempsey, you said last year at the National Press Club if we do not get the people right, the rest of it will not matter. That says it all from where I am sitting.

This weekend, I attended a freedom salute ceremony for a National Guard unit in my hometown of Springfield, Illinois. They just returned from theater gateway operations in Kuwait. It was a great illustration of why people are so important. In a little over 9 months, 10 soldiers took care of the needs of more than 100,000 servicemembers. They also saw a little bit of everything, redeployments, medical issues, sexual assault cases, and it was up to them to be leaders in the moment. And they were. We are so proud of the work that is being done by all of our military, and today I would like to especially salute the Guard and Reserve units who have really taken up the responsibility so admirably.

That leadership is what we need to maintain, but we have many, many challenges. How do we retain the most skilled leaders across each of the services when we shrink personnel? How do we preserve the Guard's tremendous value as an operational reserve? For instance, the 182nd Airlift Wing in Peoria is about to receive its sixth—sixth—outstanding unit award since 9/11. During the last 2 years, supporting operations in Afghanistan, it has conducted—this National Guard unit—3,300 combat missions while maintaining an exceptional 94.7 percent mission capable rating.

The issue of suicide. Last year, we saw deaths by suicide outstrip the number of troop combat deaths. In 2013, there was a suicide every 18 hours across our force.

Finally, sexual assault. This issue really threatens to undermine basic levels of trust in the military between personnel and trust in commanders to maintain discipline. I know neither of you take these incidents lightly, but the time for action is long overdue. We need a commitment to change the culture.

There was a story that came back with this National Guard unit that was activated in Kuwait. It was a story of a young woman who was alleging, as a member of our armed services, that she was a victim of sexual assault. She was transferred from her forward operating base (FOB) to another unit before she was being sent back to the States to testify. The treatment she received during that transfer was awful. She was placed in a living arrangement where she literally had to walk through the men's latrine to get to the women's latrine. This sexual assault victim really was shattered by the experience. And it was noteworthy that the prosecutor in the case said that the first kind person she ran into was from this National Guard unit who met with her in Kuwait and tried to steady her nerves as she faced one of the biggest challenges of her life. This culture has to change.

These concerns cannot be taken to say that we have a broken force. We don't. We have the best and strongest military in the world. I am so proud to play a small role here in this subcommittee to make sure they have what is necessary to be successful in keeping America safe.

We have many questions. Before I turn it over to Senator Cochran for opening remarks, I want to sincerely thank both you as Senator and now Secretary Hagel, General Dempsey, and Mr. Hale for your service to our Nation.

Senator DURBIN. Senator Cochran.

STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. Mr. Chairman, thank you. I am pleased to join you in welcoming the distinguished Secretary of Defense and the Chairman of the Joint Chiefs of Staff to review Department of Defense's fiscal year 2014 budget request.

In the current fiscal environment and the uncertainty of future funding levels, we need to know the consequences of sequestration and its impact on the Department of Defense and ultimately on our national security interests.

Our subcommittee has learned from the service chiefs who have testified and other Department of Defense officials about the challenges facing our military today and specifically in fiscal year 2014.

We thank you for your service and we welcome your suggestions.

Senator DURBIN. At this point, I would like to recognize Secretary of Defense Hagel for an opening statement. Your entire written statement will be made a part of the record.

SUMMARY STATEMENT OF HON. CHUCK HAGEL

Secretary HAGEL. Chairman Durbin, Ranking Member Cochran, distinguished members of the subcommittee, thank you for the opportunity to discuss the President's fiscal year 2014 budget request for the Department of Defense.

I also appreciate this subcommittee's continued support of our men and women in uniform and our civilian workforce and their families. As we discuss numbers, budgets, and strategic priorities, we will not lose sight of these men and women serving across the globe. As you all know, their well-being depends on the decisions we make here in Washington.

The President has requested \$526.6 billion for the Department of Defense's fiscal year 2014 base budget and \$79.4 billion for overseas contingency operations. My written statement, Mr. Chairman, as you know, contains details on both budget requests.

This morning, allow me to very briefly focus on three areas before I take your questions: First, the continued budget challenges facing the Department in fiscal year 2013, as a result of sequestration, as you have noted as well as Senator Cochran; second, the Department's fiscal year 2014 budget request; and third, how the Department is preparing for the future budget uncertainty and the prospect of further reduced resources as a result of sequestration.

As you all know, the Department has been forced to implement deep and abrupt cuts in the current fiscal year because of sequestration. According to the latest guidance from the Office of Management and Budget, the Department must cut \$37 billion in spending through the remainder of this fiscal year. With our internal decision to shift the impact of sequestration away from those serving in harm's way and force readiness, the cuts fall heavily on DOD's accounts that train and equip those who will deploy in the future.

The Department is also experiencing higher wartime costs than expected. As a result of these factors, the Department is facing a shortfall of more than \$30 billion in our operations and maintenance account for fiscal year 2013. To deal with this shortfall, the Department has cut back sharply on facilities maintenance, instituted hiring freezes, cut overhead spending, reduced important but lower priority programs, directed furloughs of nearly 700,000 civilian employees, and submitted, as you have noted, a \$9.6 billion reprogramming request to Congress. And we ask this subcommittee for your assistance in providing rapid review and approval of this critical reprogramming request.

Given the scale of this shortfall, the reprogramming and other steps we have taken to cut non-essential spending are not enough. While we have protected spending to sustain the war effort and defend America's vital strategic interests, the Department's day-to-day activities will be significantly disrupted for the remainder of this fiscal year. Each of the military services has begun to significantly reduce training and maintenance of non-deployable operating forces. As you have both noted, you have had the Chiefs before this committee, and they have made some very significant, detailed presentations and accounted for these cuts.

For example, the Army has stopped rotations at its key combat training centers for all but deploying units. More than a dozen combat coded Air Force squadrons either already have or will soon stop flying, and the Navy has curtailed many deployments.

To avoid even more significant reductions to military readiness, I directed furloughs of up to 11 days for most of the Department's 800,000 civilian personnel. Mr. Chairman, I made this decision very reluctantly. I made it reluctantly because I recognize the significant hardship this places on civilian personnel across our country and especially on their families. But the current budget environment is requiring difficult decisions and options.

Now, let me turn to fiscal year 2014. The President's fiscal year 2014 budget continues to implement the \$487 billion in spending reductions over the next 10 years agreed to in the Budget Control

Act of 2011. If the sequester-related provisions of the Budget Control Act are not changed, fiscal year 2014's funding for national defense programs will be subject to an additional \$52 billion reduction in DOD funding. And if there are no changes, continued sequestrations will result in roughly \$500 billion in additional reductions to defense spending over the next 10 years.

The President's fiscal year 2014 budget replaces sequestration and gives the Department the time and the flexibility to plan and implement spending reductions wisely and responsibly. In particular, this budget enables the Department to support troops still at war in Afghanistan, protect readiness, modernize the military's aging weapons inventory in keeping with the President's strategic guidance, and sustain a high quality of the All-Volunteer Force that you noted that was in General Dempsey's speech at the National Press Club.

This budget also continues the Department's approach of the last couple of years of targeting growing costs in support areas like overhead, acquisition, and pay and benefits. Over the next 5 years, DOD has identified \$34 billion in new savings across these categories. This includes weapons program restructuring and terminations that will achieve \$8.2 billion in savings, slowdowns in military construction, and reductions in other lower priority programs.

Our military compensation package preserves DOD's world-class pay and benefits while putting our military on a more sustainable path for the future. It includes changes to the TRICARE program to bring the beneficiaries' cost share closer to the levels envisioned when the program was first implemented.

The Department of Defense also must be able to eliminate excess infrastructure. The President's fiscal year 2014 budget request authorizes for one round of base realignment and closure (BRAC) in 2015. BRAC, as well as recognize, is an imperfect process, and there are upfront costs. But in the long term, there are significant savings. The previous rounds of BRAC are saving \$12 billion annually. We cannot justify to continue funding unnecessary infrastructure when we are reducing our force structure. Since 2003, DOD has divested more than 100 foreign bases and operations, and we are on schedule to close or consolidate over 20 more overseas operations.

Although there are clearly opportunities to achieve significant savings by improving efficiency, consolidations and reducing overhead, the scale—the scale—of the current spending reductions will also require cuts and changes to military operations. The fiscal year 2014 budget request seeks to further align budget programs with the President's Defense Strategic Guidance. While continuing to reduce the size of the ground forces and retire aging aircraft and ships, this budget invests in key elements of our defense strategy, including implementing our rebalance to the Asia-Pacific region, maintaining a safe, secure, and effective nuclear stockpile, increasing investment in cyber capabilities, and sustaining the growth of special operations forces.

Finally, this budget seeks to preserve a combat-ready force and sustain the high quality All-Volunteer Force.

Last point. The fiscal year 2014 budget reflects DOD's best efforts to match ends, ways, and means during a period of very in-

tense fiscal uncertainty. It is obvious that significant changes to the Department's topline spending would require changes to this budget plan.

Consequently, I directed, as you have noted, a Strategic Choices and Management Review in order to assess the potential impact of further reductions and plan for those continued reductions. I have received the initial internal results of this review, and I am currently reviewing those options and those choices.

The Department of Defense will continue to find new ways to operate more affordably, efficiently, and effectively. However, as I have stated, continued cuts on the scale and the timeline of sequestration will require significant reductions in military capabilities and the scope of our activities around the world.

PREPARED STATEMENT

The President's fiscal year 2014 budget sustains our military strength in an environment of constrained resources, giving DOD the time and flexibility to make the necessary reductions and adjustments over a 10-year period. Hard choices, Mr. Chairman, will have to be made over these next few years. In the past, many modest reforms to personnel and benefits, along with efforts to reduce infrastructure and restructure acquisition programs, were met with fierce political resistance and they were never implemented. We are now in a different fiscal environment. New realities are forcing us to more fully confront these tough and painful choices, and to make the reforms necessary to put this Department on a path to sustain our military strength for the 21st century and meet these new and complicated threats, we will have to do things differently. This will require the continued partnership of Congress.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. CHUCK HAGEL

Chairman Durbin, Ranking Member Cochran, members of the subcommittee, thank you for this opportunity to discuss the President's fiscal year 2014 budget request for the Department of Defense.

Allow me to express my appreciation to this subcommittee for its continued support of our men and women in uniform and our civilian workforce. They are doing tremendous work and making great sacrifices, along with their families, as they have for the more than 11 years our Nation has been at war. Whether fighting in Afghanistan, patrolling the world's sea lanes, standing vigilant on the Korean peninsula, supplying our troops around the world, or supporting civil authorities when natural disasters strike, they are advancing America's interests at home and abroad. Their dedication and professionalism are the foundation of our military strength.

As we discuss numbers, budgets, and strategic priorities, we will not lose sight of these men and women serving across the globe. As you all know, their well-being depends on the decisions we make here in Washington.

FISCAL AND STRATEGIC CONTEXT

Today, the Department of Defense faces the significant challenge of conducting long-term planning and budgeting at a time of considerable uncertainty—both in terms of the security challenges we face around the world and the levels of defense spending we can expect here at home.

Even as the military emerges—and recovers—from more than a decade of sustained conflict in Iraq and Afghanistan, it confronts an array of complex threats of varying vintage and degrees of risk to the United States, to include:

- the persistence of violent extremism throughout weak states and ungoverned spaces in the Middle East and North Africa;

- the proliferation of dangerous weapons and materials;
- the rise of new powers competing for influence;
- the risk of regional conflicts which could draw in the United States; and
- faceless, nameless, silent and destructive cyberattacks.

Meanwhile, the frenetic pace of technological change and the spread of advanced military technology to state and non-state actors pose an increasing challenge to America's military.

This is the strategic environment facing the Department of Defense as it enters a third year of flat or declining budgets. The onset of these resource constraints has already led to significant and ongoing belt-tightening in military modernization, force structure, personnel costs, and overhead expenditures. It has also given us an opportunity to reshape the military and reform defense institutions to better reflect 21st century realities, as I outlined in a speech in April at the National Defense University.

The process began under the leadership of Secretary Gates, who canceled or curtailed more than 30 modernization programs and trimmed overhead costs within the military services and across the defense enterprise. These efforts reduced the Department's topline by \$78 billion over a 5-year period, as detailed in the Department's fiscal year 2012 budget plan.

The realignment continued under Secretary Panetta, who worked closely with the President and the Joint Chiefs of Staff to craft new defense strategic guidance and a fiscal year 2013 defense budget plan which reduced the Department's topline by \$487 billion over the course of a decade. Even while restructuring the force to become smaller and leaner and once again targeting overhead savings, this budget made important investments in the new strategy—including rebalancing to Asia and increasing funding for critical capabilities such as cyber, special operations, global mobility, and unmanned systems.

The President's request of \$526.6 billion for the Department of Defense's base budget for fiscal year 2014 continues to implement the President's Defense Strategic Guidance and enhances the Department's efforts at institutional reform. Most critically, it sustains the quality of the all-volunteer force and the care we provide our servicemembers and their families, which underpins everything we do as an organization. The accompanying OCO request for \$79.4 billion provides the resources to continue the responsible drawdown in Afghanistan and restore equipment damaged or worn out by more than a decade of war.

DOD's base-budget request for fiscal year 2014 does not reflect the effects of sequester cuts that would occur if the Budget Control Act (BCA) is not changed. However, the President's budget includes balanced deficit reduction proposals that are more than sufficient to allow Congress to meet BCA goals and then repeal sequester-related reductions.

CHALLENGES IN FISCAL YEAR 2013

Before discussing the particulars of this budget request, however, allow me to address the profound budget problems facing the Department in fiscal year 2013 and beyond as a result of sequester—because they have significantly disrupted operations for the current fiscal year and greatly complicated efforts to plan for the future. The Congress and the Department of Defense have a responsibility to find answers to these problems together—because we have a shared responsibility to protect our national security. DOD is going to need the help of Congress to manage through this uncertainty.

The fiscal year 2013 DOD Appropriations bill enacted by the Congress in March addressed many urgent problems by allocating DOD funding more closely in line with the President's budget request, giving the Department authorities to start new programs, and allowing us to proceed with important military construction projects. Nonetheless, the bill still left in place the deep and abrupt cuts associated with sequester—some \$37 billion in spending reductions. With military pay and benefits exempt from the sequester, and our internal decision to shift the impact of sequestration away from those serving in harm's way, the cuts fall heavily on DOD's operations, maintenance and modernization accounts that we use to train and equip those who will deploy in the future.

Furthermore, the military is experiencing higher wartime operating tempos, and higher transportation costs than expected when the budget request was formulated more than a year ago. As a result of all these factors, the Department is now facing a shortfall of more than \$30 billion in our operation and maintenance (O&M) budget for fiscal year 2013.

The Department has been doing everything possible to reduce this shortfall while ensuring we can defend the Nation, sustain wartime operations, and preserve

DOD's most critical asset—our world-class civilian and military personnel. To that end, we have cut back sharply on facilities maintenance, instituted a hiring freeze, cut overhead and all non-essential spending, reduced many other important but lower priority programs, and worked to shift funds from investment to O&M accounts.

Still, these steps have not been enough to close the shortfall. While we have protected spending to sustain the war effort and defend America's vital strategic interests, the Department's day-to-day activities will be significantly disrupted for the remainder of the fiscal year. Each of the military services has begun to significantly reduce training and maintenance of non-deployed operating forces—steps that are having effects on military readiness.

Specifically:

- The Army has stopped rotations at its key combat training centers for all but deploying units. By the end of the year, this and other training cutbacks will leave most non-deployed Army units at unacceptable readiness levels.
- The Air Force has or will soon stop all flying at more than a dozen combat coded squadrons. These units will soon no longer be ready to fight on short notice.
- The Navy has curtailed deployments, including the decision not to send a second carrier strike group to the gulf.

We have also recently submitted a \$9.6 billion reprogramming request to Congress. Most of this reprogramming seeks permission to move unneeded military personnel funding, and non-executable or lower priority investment funding, into our O&M accounts that are experiencing the largest budget shortfalls. We are counting on approval of this reprogramming to avoid even deeper cuts in readiness and maintenance, and we ask this subcommittee's assistance in providing rapid review and approval.

To avoid even more significant reductions to military readiness, and after extensive review of all options with the DOD's senior military and civilian leadership on how we address this budget crisis, I have decided to direct furloughs of up to 11 days for nearly 700,000 of the Department's civilian personnel. I have made this decision very reluctantly, because I know that the furloughs will adversely impact DOD operations. I also recognize the significant hardship this places on our civilian personnel across the country and their families. But the current budget is requiring difficult decisions and options.

After required notifications, we will begin the furlough period on July 8 at the rate of one furlough day per week for most personnel. We plan to continue these furloughs through the end of the current fiscal year. If our budgetary situation permits us to end furloughs early, I would strongly prefer to do so. That is a decision I will make later in the year.

FISCAL YEAR 2014 BUDGET REQUEST

Let me turn now to fiscal year 2014. If the sequester-related provisions of the Budget Control Act of 2011 are not changed, fiscal year 2014 funding for national defense programs will be subject to a steeply reduced cap, which would cut DOD funding by roughly \$52 billion further. And, if there is no action by the Congress, roughly \$500 billion in reductions to defense spending would be required over the next 10 years covered by the BCA.

As an alternative, the President's budget proposes some \$150 billion in additional defense savings (measured in terms of budget authority) over the next decade when compared with the budget plan submitted last year. These cuts are part of a balanced package of deficit reduction. Unlike sequester, these cuts largely occur in the years beyond fiscal year 2018—which gives the Department time to plan and implement the reductions wisely, and responsibly, anchored by the President's defense strategic guidance.

The President's fiscal year 2014 request reflects these changes. It continues to balance the compelling demands of supporting troops still at war in Afghanistan, protecting readiness, modernizing the military's aging weapons inventory in keeping with the President's strategic guidance, and sustaining the quality of the all-volunteer force.

The requested funding of \$79.4 billion for fiscal year 2014 OCO provides funds to continue the responsible drawdown in Afghanistan and is lower than the roughly \$89 billion enacted for fiscal year 2013. The topline budget request of \$526.6 billion for base-budget funding fiscal year 2014 is essentially flat compared to the President's request for fiscal year 2013, and roughly in line with what both the House and Senate have passed in their fiscal year 2014 budget resolutions.

The following are the major components of the \$526.6 billion base budget request for fiscal year 2014:

- Military pay and benefits (including TRICARE and retirement costs): \$170.2 billion (32 percent of the total base budget);
- Operating costs (including \$77.3 billion for civilian pay): \$180.1 billion (34 percent);
- Acquisitions and other investments (Procurement, research, development, test and evaluation, and new facilities construction): \$176.3 billion (33 percent).

The base budget presented today, at its most basic level, consists of a series of choices that reinforce each of the following complementary goals:

- making more disciplined use of defense resources;
- implementing the President's defense strategic guidance;
- seeking to sustain the readiness and quality of the all-volunteer force;
- supporting troops deployed and fighting in Afghanistan.

As I discuss each of these goals, I must note that, unfortunately, many of the reductions we are being forced to make in fiscal year 2013 as a result of sequester run directly counter to the fiscal year 2014 goals.

1. Making More Disciplined Use of Defense Resources

In developing the fiscal year 2014 budget, the Department identified about \$34 billion in savings over the current Future Years Defense Program (FYDP), which covers fiscal year 2014 to fiscal year 2018. These savings were used to help pay the costs of implementing the new defense strategy and to accommodate budget reductions.

These efforts continue the Department's approach of the last several years to first target growing costs in areas of support, overhead, acquisition, and pay and benefits, before cutting military capabilities and force structure.

Reducing Support Costs

In order to maintain balance and readiness, the Department of Defense must be able to eliminate excess infrastructure. Therefore, the President's fiscal year 2014 budget requests authorization for one round of Base Realignment and Closure (BRAC) in 2015. While the commission would meet in 2015, the actual closing of any bases would involve a multiyear process that would not begin until 2016.

BRAC is a comprehensive and fair tool that allows communities a role in reuse decisions for the property and provides redevelopment assistance. BRAC is an imperfect process, and there are up-front costs for BRAC, and this FYDP adds \$2.4 billion to pay them, but in the long-term there are significant savings. The previous five rounds of BRAC are now saving a total of \$12 billion annually.

We cannot justify funding unnecessary infrastructure when we are reducing force structure. Since 2003, DOD has divested more than 100 foreign bases and operations and we are on schedule to close or consolidate over 20 more overseas operations.

We are also taking other important steps to cut back on support costs. We have begun a study of our Military Treatment Facilities, including many hospitals and clinics that are currently underutilized. By the end of this year we will have a plan in place that suggests how to reduce that underutilization while still providing high-quality medical care. This restructuring, coupled with a BRAC round and other changes, would permit us to plan on a cut in our civilian workforce that will comply with congressional direction.

We are also continuing our successful efforts to hold down military health system costs. Due primarily to changes in payments to healthcare providers, our projected costs for fiscal year 2014 are about 4-percent lower than those costs in fiscal year 2012, a significant turnaround compared to healthcare trends over the past decade. But costs will soon start to grow again. Therefore, we continue efforts to slow the growth of medical care costs through actions such as re-phasing military construction, making full use of past changes in provider costs, taking advantage of the slowing of growth in medical costs in the private sector, and modest changes in user fees and co-pays.

Another important initiative is our effort to improve the Department's financial management and achieve auditable financial statements. We need auditable statements, both to improve the quality of our financial information and to reassure the public, and the Congress, that we are good stewards of public funds. We have a focused plan and are making progress. Our next goal is audit-ready budget statements by September 2014. We are working hard to achieve this goal, though the current budget turmoil is hampering our efforts significantly. I strongly support this initiative and will do everything I can to fulfill this commitment.

These and many other changes led to total savings of about \$34 billion in fiscal year 2014–2018, including \$5.5 billion in fiscal year 2014. However, we are concerned that these savings from more disciplined use of resources could be eroded by sequester, as we are forced to make inefficient choices that drive up costs. Today, for example, we are being forced to engage in shorter and less efficient contracts and cuts in unit buy sizes that will increase the unit costs of weapons.

Restructuring and Terminations of Weapons Programs

In this budget, the Department has shifted priorities within its modernization portfolios and achieved \$8.2 billion in savings from weapons program terminations and restructuring. For example, by revising the acquisition strategy for the Army's Ground Combat Vehicle (GCV) program, the Department will save over \$2 billion in development costs. In other cases the Department proposes evolutionary approaches to develop new capabilities instead of relying on leap-ahead gains in technology.

For example, the Department:

- Realigned investment funding and restructured the SM–3 IIB interceptor—a high-risk, high-cost system—to improve the capabilities of existing missile defense systems, resulting in savings of about \$2.1 billion during the Future Year Defense Program (FYDP);
- Cancelled the Precision Tracking Space Satellite system—another high-risk project—saving \$1.9 billion during the FYDP; the Department invested a portion of these savings in technology upgrades to existing ground-based radars and sensors.

To lessen the potential impact on local communities from the reductions in defense procurement, the Department is requesting an additional \$36 million in support of the Defense Industry Adjustment program.

The Department is continuing to take steps to tighten the contract terms and reduce risk in our largest acquisition program, the F–35 Joint Strike Fighter. The fiscal year 2014 budget request includes \$8.4 billion for the Joint Strike Fighter.

Military Pay and Benefits

The costs of military pay and benefits are another significant driver of spending growth that must be addressed in the current fiscal environment. In this budget, the Department is submitting a new package of military compensation proposals that take into consideration congressional concerns associated with those from fiscal year 2013. These changes save about \$1.4 billion in fiscal year 2014 and a total of \$12.8 billion in fiscal year 2014–2018.

This package includes a modest slowing of the growth of military pay by implementing a 1-percent pay raise for servicemembers in 2014. The Department is also seeking additional changes to the TRICARE program in the fiscal year 2014 budget to bring the beneficiary's cost share closer to the levels envisioned when the program was implemented—particularly for working age retirees. Today military retirees contribute less than 11 percent of their total healthcare costs, compared to an average of 27 percent when TRICARE was first fully implemented in 1996.

The proposed TRICARE changes include:

- For retirees, increases in TRICARE Prime enrollment fees, instituting an enrollment fee for TRICARE Standard/Extra, and increasing Standard/Extra deductibles.
- Implementation of an enrollment fee for new TRICARE-for-Life beneficiaries, while grandfathering in those who are Medicare-eligible at enactment.
- Increases in pharmacy co-pays and, where appropriate, mandatory use of mail order delivery of pharmaceuticals.
- Indexing of fees, deductibles, co-pays and the catastrophic cap to the growth in the annual retiree cost-of-living adjustment.

Survivors of military members who died on active duty or medically retired members would be excluded from all TRICARE increases. Even after the proposed changes in fees, TRICARE will remain a generous benefit—as it should be.

These adjustments to pay and benefits were among the most carefully considered and difficult choices in the budget. They were made with the strong support of the Joint Chiefs of Staff and Senior Enlisted Leadership, in recognition that in order to sustain these benefits over the long term without dramatically reducing the size or readiness of the force, these rising costs need to be brought under control.

2. Implementing and Deepening Our Commitment to the President's Defense Strategic Guidance

Spending reductions on the scale of the current drawdown cannot be implemented through improving efficiency and reducing overhead alone. Cuts and changes to capabilities—force structure and modernization programs—will also be required. The

strategic guidance issued in January 2012 set the priorities and parameters that informed those choices, and the fiscal year 2014 budget submission further implements and deepens program alignment to this strategic guidance.

The new strategy calls for a smaller and leaner force. Last year we proposed reductions of about 100,000 in military end strength between fiscal year 2012 and fiscal year 2017. Most of those reductions occur in the ground forces and are consistent with a decision not to size U.S. ground forces to accomplish prolonged stability operations, while maintaining adequate capability should such activities again be required. By the end of fiscal year 2014 we will have completed almost two-thirds of the drawdown of our ground forces, and the drawdown should be fully complete by fiscal year 2017.

Last year DOD submitted proposals for changes in Air Force and Navy force structure; some were rejected by Congress. We continue to believe, however, that these reductions are consistent with our defense strategy and the need to hold down costs. Therefore, DOD is resubmitting several proposals from its fiscal year 2013 budget submission that were not supported by Congress, including the retirement of seven Aegis cruisers and two amphibious ships at the end of fiscal year 2014 when funds appropriated for their operation run out. Despite the growing importance of the Asia-Pacific—a mostly maritime theater—the high costs of maintaining these older ships relative to their capabilities argues strongly for their retirement.

The fiscal year 2014 budget continues implementation of the Air Force total force proposal included in the fiscal year 2013 National Defense Authorization Act. In response to state and congressional concerns about proposed reductions to the Air National Guard that DOD made in the original fiscal year 2013 budget, the Department added back 44 aircraft to the Guard, 30 aircraft to the Air Force Reserve, and is taking away 31 aircraft from the active Air Force.

These shifts were forced primarily by political realities, not strategy or analysis. While this active-reserve compromise allows the Air Force to move forward with prior year retirements and transfers, and approved mission changes for many reserve units, it does require the Department to retain excess aircraft capacity. The Department's position continues to be that retaining excess air capacity in the reserve component is an unnecessary expenditure of government funds that detracts from more pressing military priorities outlined in the defense strategic guidance.

Increased emphasis on the Asia-Pacific and Middle East represents another key tenet of the new defense strategic guidance. This budget continues to put a premium on rapidly deployable, self-sustaining forces—such as submarines, long-range bombers, and carrier strike groups—that can project power over great distance and carry out a variety of missions.

As part of the rebalance to the Asia-Pacific, the Department is expanding the Marine Corps presence in the region, including rotational deployments of Marine units to Australia. We continue to develop Guam as a strategic hub, a location where we maintain a rotational bomber presence among other capabilities. The Department will stage its most capable forces in the region, including an F-22 squadron at Kadena Air Force Base in Japan. The Navy has deployed a Littoral Combat Ship to Singapore and is increasing port visits in the Western Pacific.

Additional enhancements and key capabilities supporting the Asia-Pacific rebalance in the fiscal year 2014 budget include:

- Protecting investments for new ship construction, enabling the Navy to procure eight new ships in fiscal year 2014—including two *Virginia*-class submarines (\$10.9 billion);
- Continuing investments to develop a new penetrating bomber (\$379 million);
- Investing in new maritime patrol aircraft (\$3.8 billion);
- Continuing investments to maintain and expand undersea dominance, including increasing the cruise missile capacity of the future *Virginia*-class subs and developing new unmanned undersea vehicles (\$223.9 million);
- Continuing to fund development of an unmanned carrier launched UAV (\$427 million);
- Adding electronic attack EA-18Gs to offset the loss of retired Marine Corps EA-6B (Prowler) squadrons (\$2.0 billion);
- Investing in a new suite of anti-surface warfare weapons (\$160 million);
- Increasing the number of attack submarines forward deployed to Guam to four (\$78 million);
- Funding airfield resiliency measures such as dispersal, rapid runway repair, and hardening in the Western Pacific (\$440 million);
- The Army is investing in upgraded missile defense capabilities in the region (\$40 million); and
- Increasing funding for joint exercises in the PACOM region (\$14 million).

Another tenet of the strategy is to support efforts to build partner capacity through innovative mechanisms based on lessons learned over the past decade of war. To that end, the fiscal year 2014 request builds on our section 1206 program by including \$75 million in dedicated funding for the new Global Security Contingency Fund, a pooled resource between the Department of Defense and Department of State that supports common efforts to boost the security capacity of partners in regions like Africa. This represents the first time dedicated funds have been requested for this new authority.

This new strategy not only recognizes the changing character of the conflicts in which the U.S. must prevail, but also leverages new concepts of operation enabled by advances in space, cyberspace, special operations, global mobility, precision-strike, missile defense, and other capabilities. By making difficult tradeoffs in lower priority areas, the fiscal year 2014 budget protects or increases key investments in these critical capabilities, including:

- Cyberspace Operations*.—Including the recruitment and retention of world-class cyber personnel (\$4.7 billion for fiscal year 2014, an increase of \$800 million over fiscal year 2013 enacted levels).
- Space Operations*.—To maintain our superiority in space, the Air Force continues to modernize the GPS program and is investing in improved space surveillance capabilities and a new generation of communications satellites (\$10.1 billion).
- Airborne Intelligence, Surveillance, and Reconnaissance (ISR)*.—The Department is investing in both sea-based and extended range, land-based ISR platforms (\$2.5 billion).
- Rapid Global Mobility*.—To maintain our ability to rapidly deliver and sustain our forces around the globe, the Air Force is upgrading its C-5, C-17, and C-130 transport aircraft—replacing the oldest aircraft and modernizing the fleet—and building the new KC-46 aerial refueling tanker (\$5.0 billion).
- Missile Defense*.—To protect against ballistic missile threats from Asia-Pacific and the Middle East, the Department is increasing its fleet of Ground Based Interceptors (GBI), continuing the conversion of Aegis ships to provide ballistic missile defense capability, and procuring additional Terminal High Altitude Area Defense (THAAD) interceptors and Patriot PAC-3 missiles (\$9.2 billion).
- Special Operations/Counterterrorism*.—To ensure our special operations forces maintain the highest levels of readiness and to expand the global special operations force network (\$7.7 billion).

3. Seeking To Sustain the Readiness and Quality of the All-Volunteer Force

The high-quality of our all-volunteer force continues to be the foundation of our military strength. This budget seeks to ensure that our troops receive the training and equipment they need for military readiness, and the world-class support programs they and their families have earned. However, as in other areas of the budget, the steep and abrupt cuts caused by the fiscal year 2013 sequester has harmed these programs. The remainder of this discussion outlines the goals of the fiscal year 2014 budget, but they would be significantly impacted if sequester-level cuts persist.

Readiness Investments

Even in the face of flat and declining defense topline, this budget seeks to press ahead with the transition from a counterinsurgency-focused force to a force ready and capable of operating across a full range of operations across the globe. The service budgets all fund initiatives that seek to return to full-spectrum training and preparation for missions beyond current operations in Afghanistan:

- The Army would prepare for a rotational presence in multiple regions and has begun training in “decisive action” scenarios and is transitioning to training in combined arms conventional warfare.
- The Marine Corps would return to a sea-going posture, its traditional role in between major conflicts.
- The Navy would invest in ship maintenance and measures to alleviate the stress on personnel from prolonged and extended deployments required by current operations.
- The Air Force would re-focus on high-end capabilities required to confront the advanced air forces and air defense systems of other nations.

The Department continues its work to understand and quantify readiness activities as we seek to maximize our preparedness for real-world missions. We do not yet know the costs of fixing the readiness of the force following the 6 months of sequester cuts to training in this fiscal year. Therefore these costs are not included in the fiscal year 2014 budget.

Family Support Programs

The Department's budget submission makes clear that people are central to everything we do. While sequester cuts would unfortunately counter many of these initiatives, especially for our civilian workforce, the initiatives remain important statements of the intent in this budget.

The Department continues to support key programs in fiscal year 2014 that support servicemembers and their families, spending \$8.5 billion on initiatives that include:

- Transition Assistance and Veteran's Employment Assurance.*—The Department continues to support the Transition Assistance Program (TAP) to ensure every servicemember receives training, education, and credentials needed to successfully transition to the civilian workforce.
- Family Readiness.*—The Department continues to ensure that family support is a high priority by redesigning and boosting family support in a number of ways. The Department is also providing support to our people with a number of other important initiatives, including:
 - Behavioral Health.*—The Department maintains funding for psychological health programs and expands those programs that are most effective, such as Embedded Behavioral Health, to provide improved access to care, improved continuity of care, and enhanced behavioral health provider communication.
 - Suicide Prevention.*—The Department continues to implement recommendations from the Suicide Prevention Task Force and act on other findings from think tanks, the National Action Alliance's National Suicide Prevention Strategy, and DOD and Department of Veteran's Affairs (VA) Integrated Mental Health Strategy (IMHS).

Another area of focus has been Sexual Assault Prevention and Response. I have no tolerance for sexual assault in the military. This is a terrible scourge in our military and it must end. It will end. We will fix it. I have directed a number of initiatives to advance DOD's efforts to prevent and respond to the crime of sexual assault, along five lines of effort:

- Accountability*
 - I directed DOD's Acting General Counsel to propose to the Congress changes to Article 60 of the Uniform Code of Military Justice (UCMJ) that would eliminate the ability of a convening authority to change findings in courts-martial, except for certain minor offenses. These changes would also require the convening authority to explain in writing any changes made to court-martial sentences, as well as any changes to findings involving minor offenses. These changes, if enacted, would help ensure that our military justice system works fairly, ensures due process, and is accountable.
 - I have also directed the Service Chiefs to develop methods to evaluate military commanders' performance in establishing command climates of dignity and respect and in incorporating sexual assault prevention and victim care principles in their commands. This includes providing commanders the results of their subordinate's annual command climate surveys in order to enhance accountability and improve insight in command climate at every level of the chain of command.
 - I have named a set of highly respected and experienced experts to serve on a panel called for in the National Defense Authorization Act for fiscal year 2013. The panel will conduct an independent review and assessment of DOD's systems used to investigate, prosecute and adjudicate crimes involving adult sexual assault and related offenses. It will convene its first meeting no later than July 1. I have spoken to the panel and asked it to accelerate its work and provide a final recommendation within 12 months.
- Prevention*
 - I have directed the complete and thorough review of credentials and qualifications for DOD's sexual assault victim advocates, coordinators, and recruiters.
 - I have directed DOD to improve the effectiveness of Sexual Assault Prevention and Response (SAPR) programs in recruiting organizations.
 - I have directed DOD component heads to direct comprehensive and regular visual inspections of all DOD workplaces to include military academies to ensure that our facilities promote an environment of dignity and respect for all members and are free from materials that create a degrading or offensive work environment.
- Investigation*
 - Consistent with the fiscal year 2012 and fiscal year 2013 National Defense Authorization Acts, DOD has established new policies to retain restricted and unrestricted reports for 50 years, and is developing policy for Special

Victim Capability, which includes standards and training for prosecutors and investigators.

—*Advocacy*

—DOD has implemented a sexual assault crisis intervention line, the DOD Safe Helpline, to give victims 24/7 global access to crisis support staff, implemented an expedited transfer policy for victims requesting transfer to a new unit, and expanded emergency care and services to DOD civilians stationed abroad.

—I have directed the Service Secretaries to implement methods to improve victim treatment by their peers, coworkers, and chains of command. Direct victim input will also be incorporated into these methods.

—*Assessment*

—DOD has added sexual assault questions to DOD Command Climate Surveys and implemented policy to conduct assessments within 120 days for new commanders and annually thereafter, consistent with the fiscal year 2013 NDAA.

—I have begun holding a weekly review and progress meeting on DOD's various sexual assault directives to ensure that they are bringing about real change.

I receive weekly updates on the Department's prevention efforts in regularly scheduled weekly meetings. I also have an individual on my personal staff that I have tasked to oversee all of these directives and Department-wide efforts.

Everyone in this department at every level of command will continue to work together every day to establish an environment of dignity and respect, where sexual assault is not tolerated, condoned or ignored, where there is clear accountability placed on all leaders at every level. The leadership of this department has no higher priority than the safety and welfare of our men and women in uniform, and that includes ensuring they are free from the threat of sexual harassment and sexual assault. I will continue as Secretary of Defense to prioritize the Department's efforts to turn this problem around.

4. *Supporting Troops Deployed and Fighting Overseas*

The amendment to the fiscal year 2014 President's budget includes \$79.4 billion for Overseas Contingency Operations (OCO). Military operations in Afghanistan comprise a significant portion of the OCO request. Over the course of the year, American forces in Afghanistan are moving into a support role as Afghan forces take the lead. By February 2014, half of our troops there will have returned home, and by December 2014, United States' combat operations in Afghanistan will have ended. Still, the United States will maintain a commitment to Afghanistan's sovereignty and security, and we will continue to equip, train, advise, and assist the Afghan National Forces; support economic development and governance efforts; and pursue al Qaeda and its affiliated groups.

Of the total OCO request, \$78.1 billion is for activities in support of Operation Enduring Freedom (OEF) and \$1.3 billion is for finalizing transition activities in Iraq. In support of Operation Enduring Freedom, OCO funding will support several key efforts, including:

- Transitioning the mission in Afghanistan from combat to support as the number of U.S. troops on the ground declines from an average of 68,000 in fiscal year 2013 to an average of 38,400 in fiscal year 2014;
- Continuing to support the 352,000 strong Afghan National Security Forces as they prepare to assume full responsibility for security in Afghanistan by December 2014;
- Sustaining the fight, together with Afghan and Coalition partners, against al Qaeda and its affiliates who seek to attack the U.S. and our allies;
- Providing intelligence, surveillance, and reconnaissance (ISR) support to warfighters and continuing to invest in emerging ISR capabilities that have proven essential for success in Afghanistan and around the region;
- Responsibly closing or transferring to Afghan control most coalition bases by December 2014;
- Returning tens of thousands of cargo containers and pieces of equipment from Afghanistan to their home stations;
- Replenishing or replacing expended munitions and ammunition as well as combat-damaged equipment, including helicopters, ground vehicles, and unmanned aerial systems; and
- Supporting the portion of temporary Army and Marine Corps end strength that currently supports OEF, but that will not be required under the new defense strategy.

Although the number of U.S. troops in Afghanistan will decline substantially over the course of fiscal year 2014, military operations in support of the transition to full Afghan responsibility will continue at a high pace, and certain costs will grow or remain the same. For example, as we reduce our footprint, ISR and contractor support requirements will temporarily increase in areas where U.S. troops are departing. Transportation and retrograde costs will increase substantially as we ship tens of thousands of cargo containers and pieces of equipment back home. Funding needed to train and equip the ANSF will temporarily increase from the fiscal year 2013 amount in order to ensure that Afghan forces are ready to take over full responsibility for security throughout the country by the end of 2014. There will be increased costs to repair and replace equipment and munitions as the Department resets the force over the next few years. Finally, OCO funding supports a significant portion of our military presence around the Middle East—the bases, ships, and ISR platforms outside Afghanistan from which DOD supports OEF and other important missions.

The OCO funding request also supports follow-on costs related to the war in Iraq, including the repair and replacement of equipment and munitions damage or expended in the war and the operations and activities, including site closure, of the Office of Security Cooperation—Iraq. Of the total request of \$79.4 billion, \$1.3 billion supports these activities.

The OCO request also seeks to cancel prior-year unobligated balances for activities that are in excess of need, in favor of urgent wartime priorities.

THE WAY AHEAD: STRATEGIC CHOICES AND MANAGEMENT REVIEW

The fiscal year 2014 budget is a reflection of DOD's best efforts to match ends, ways, and means during a period of intense fiscal uncertainty. It is a balanced plan that would address some of the Department's structural costs and internal budget imbalances while implementing the President's defense strategic guidance and keeping faith with our men and women in uniform and their families.

It is obvious that significant changes to the Department's topline spending would require changes to this budget plan. The Department must be prepared for any additional reductions to the defense budget that might result from Congress and the Administration agreeing on a deficit reduction plan, and it must be prepared in the event that sequester-level cuts persist for another year or over the long term.

Consequently, earlier this year I directed a Strategic Choices and Management Review (SCMR) in order to assess the potential impact of further reductions up to the level of full sequester. The purpose of the SCMR is to reassess the basic assumptions that drive the Department's investment and force structure decisions and to search for additional management efficiencies.

It is designed to help understand the challenges, articulate the risks, and look for opportunities for reform and efficiencies presented by resource constraints. Everything is on the table during this review—roles and missions, planning, business practices, force structure, personnel and compensation, acquisition and modernization investments, how we operate, and how we measure and maintain readiness.

I have received the initial internal results of the SCMR and am reviewing them now. The results will inform our planning for fiscal year 2014 as well as our fiscal year 2015 budget request, and will they be the foundation for the Quadrennial Defense Review due to Congress in February 2014.

It is already clear to me that achieving significant additional budget savings without unacceptable risk to national security will require not just tweaking or chipping away at existing structures and practices but, if necessary, fashioning entirely new ones that better reflect 21st century realities. And that will require the partnership of Congress.

The fiscal year 2014 budget and the ones before it have made hard choices. In many cases, modest reforms to personnel and benefits, along with efforts to reduce infrastructure and restructure acquisition programs, met fierce political resistance and were not implemented.

We are now in a different fiscal environment dealing with new realities that will force us to more fully confront these tough and painful choices, and to make the reforms we need to put this Department on a path to sustain our military strength for the 21st century. But in order to do that we will need flexibility, time, and some budget certainty.

We will also need to fund the military capabilities that are necessary for the complex security threats of the 21st century. I believe the President's budget does that. With the partnership of Congress, the Defense Department can continue to find new ways to operate more affordably, efficiently, and effectively. However, multiple reviews and analyses show that additional major cuts—especially those on the scale

and timeline of sequestration—would require dramatic reductions in core military capabilities or the scope of our activities around the world.

As the executive and legislative branches of government, we have a shared responsibility to ensure that we protect national security and America's strategic interests. Doing so requires that we make every decision on the basis of enduring national interests and make sure every policy is worthy of the service and sacrifice of our servicemembers and their families.

Senator DURBIN. Thank you, Mr. Secretary.

General Dempsey, as you can see we have quite a turnout here this morning, and I welcome you now to give your testimony. Your full written statement will be made part of the record. Please proceed.

STATEMENT OF GENERAL MARTIN E. DEMPSEY, CHAIRMAN, JOINT CHIEFS OF STAFF

General DEMPSEY. Thank you, Mr. Chairman and Vice Chairman Cochran, distinguished members of the committee. Thank you for this opportunity to discuss the budget proposal for fiscal year 2014.

This hearing comes during a period of extraordinary uncertainty. Risks to our Nation's security are increasing while the resources for and the readiness of our force is decreasing. The will to win of our service men and women remains undaunted, but the means to prepare to win are becoming more uncertain by the day.

This budget was purpose built to keep our Nation immune from coercion. It is a responsible investment in an unrivaled joint force that is ready with options for a dangerous and unpredictable future. It supports our forward deployed operations, upholds funding for emerging capabilities such as cyber, and it resources the conventional and nuclear forces that have proven so essential to our defense.

Most importantly, it protects our investments in the true decisive advantage we enjoy, and that is our people. It treats being the best led, best trained, and best equipped military as the non-negotiable imperative. It also makes sure that our wounded warriors and their families receive world-class care, family and medical services that are worthy of their service to our Nation.

There are some things this budget does not do. It does not reflect the full sequestration amount. Rather, it imposes less reduction and it gives us more time to implement new cuts. The consequences of full sequestration and its attendant risks to our national security will gain clarity in the weeks ahead. As you may know, the Senate has asked us to provide our assessment of the impact on the joint force by the 1st of July.

Nor does this budget account for the costs of restoring lost readiness. We do not yet know the full cost to recover from the readiness shortfalls we are experiencing this fiscal year. As expected, we continue to curtail or cancel training and exercises across all the services and for units that are not preparing to deploy. As a result, we are less ready every day for an unforeseen crisis or a contingency operation. In effect, we are foreclosing on options.

It is also more expensive to become ready than it is to stay ready. This means the cost to recover our lost readiness will inevitably compete in the next few years with those costs for building the joint force that we think we need for 2020.

As our military power becomes or could become less sustainable, it will become less credible. We risk breaking commitments or losing the confidence of our partners and allies, our defense industrial base, and our men and women in uniform and their families.

Now, this outcome is not inevitable. Working together, we can uphold the readiness and the health of the force at an affordable cost. To do this, we need the certainty of a predictable funding stream, that is, a reliable topline. We also need the time to implement tradeoffs in force structure, modernization, compensation, and readiness, and we need the full flexibility to keep the force in balance.

We simply cannot afford to postpone essential reforms to compensation and healthcare. Both should be allowed to grow more gradually.

We should stop pouring money into excess facilities and unwanted weapons.

PREPARED STATEMENT

Real institutional reform is the only way to avoid repeating the mistakes of past drawdowns. We have an opportunity and actually, I would suggest, an obligation to do this and to account for any future budget in order to restore confidence. We have it within us to stay strong as a global leader and as a reliable partner.

Thank you, members of this committee, for all you have done in the past to support our military. We are counting on you to continue to do so. And I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF GENERAL MARTIN E. DEMPSEY

INTRODUCTION

Chairman Durbin, Vice Chairman Cochran, and distinguished committee members, it is my privilege to update you on the state of the U.S. Armed Forces and to comment on the President's budget proposal for fiscal year 2014.

This year's posture testimony comes in the context of extraordinary uncertainty. Our Nation is going through an historic fiscal correction to restore the economic foundation of our power. As resources decline, risks to our national security interests rise. A more competitive security environment compounds these risks, increasing the probability and consequences of aggression.

This context calls out for our leadership. We can and must find it within ourselves to stay strong as a global leader and reliable partner. We must restore lost readiness and continue to make responsible investments in our Nation's defense.

STRATEGIC DIRECTION TO THE JOINT FORCE

A year ago, I established four priorities to help guide our Joint Force through this period of uncertainty. Our way forward must be rooted in a renewed commitment to the Profession of Arms. This means preserving an uncommon profession that is without equal in both its competence and its character. Along the way, we must keep faith with our Military Family. This means honoring the commitments we have made to our servicemembers and their families. They deserve the future they sacrificed so much to secure.

These two priorities serve as a source of strength for the Joint Force as we achieve our national objectives in current conflicts. This means achieving our campaign objectives in Afghanistan while confronting aggression toward America and its allies in all its forms, wherever and whenever it arises. It also means helping to secure the flow of commerce in the global commons, building the capacity of our partners, providing humanitarian assistance, and maintaining a credible nuclear deterrent.

These three priorities enable us to understand and develop the Joint Force of 2020. Our ability to build the force we will need tomorrow depends on the decisions

we make today. This is a defining period in a defining year. Ensuring our future military is unrivaled and sustainable requires the right mix between current capacity and new capabilities. We must recapitalize current equipment where possible and modernize capabilities that preserve our decisive advantages.

JOINT FORCE OPERATIONS

One thing has been certain over the last year—the Joint Force stood strong and responded to the Nation’s call. After more than a decade of continual deployments and tough fighting, I remain humbled by the resilience and determination of our warriors.

In the past year, our service men and women have simultaneously fought, transitioned, and redeployed from Afghanistan. Never before have we retrograded so much combat power and equipment while continuing combat operations. Our forces performed superbly, transitioning to Afghan security lead in areas comprising over 85 percent of the population. In the process, we redeployed over 30,000 U.S. troops, closed over 600 bases, and preserved Coalition cohesion. We were challenged by “insider attacks,” but responded the way professional militaries do. We assessed and adapted. We reaffirmed our partnerships and moved forward jointly with more stringent force protection and vetting procedures.

Transition continues. In the weeks ahead, the Afghanistan National Security Forces will assume operational lead across all of Afghanistan. This milestone represents an important achievement on the Lisbon roadmap, reaffirmed at the Chicago Summit in 2012. At the same time, the International Security Assistance Force will transition primarily to training and advising. We are also working with NATO and the Afghan government on options for an enduring presence beyond 2014 to reinforce Afghan security and maintain pressure on transnational terrorists.

When I testified last year, the effects of the November 2011 border incident with Pakistan were still fresh, and tensions were as high as any time since the Osama bin Laden raid. Measured, but steady civilian-military engagement with Pakistani leadership led to the reopening of the Ground Lines of Communication in July 2012. We are gradually rebuilding our relationship—as reflected in the recent signing of a tripartite border document to standardize complementary cross-border operations—and will continue to do so with Pakistan’s new leadership following its historic election last month.

The Joint Force has been vigilant well beyond South Asia and around the world. We continue to help deter aggression and counter the increasingly bold provocations from North Korea and Iran. We are supporting Syria’s neighbors in their efforts to contain spillover violence while providing assistance to help with refugees. And, we are ready with options if military force is called for—and can be used effectively—to secure U.S. national interests in Syria without making the situation worse.

Along with our interagency partners, we are also postured to detect, deter, and defeat cyber-attacks against government and critical infrastructure targets. We are part of interagency and multinational efforts to counter transnational crime. And, we remain relentless in our pursuit of al-Qa’ida and other violent extremist organizations, directly and through our partners. This includes al-Qa’ida-Arabian Peninsula (AQAP) in Yemen and, working with French and African partners, al-Qa’ida in the Islamic Magreb (AQIM).

Finally, in the context of a “new normal”—where the diffusion of power fuels insecurity and unrest—we continue to support reform across the Middle East and North Africa through military-to-military exercises, exchanges, and security assistance. We are also adjusting global force posture to reflect these risks in the context of our rebalance to the Asia-Pacific region.

OUR JOINT FORCE TODAY

We have an experienced, combat-tested force. Never has our Nation sustained such a lengthy period of war solely through the service of an All-Volunteer military, which proudly celebrates its 40-year anniversary July 1, 2013. Our warriors’ will to win is undaunted, but the means to prepare to win are becoming uncertain. Military readiness is at risk due to the convergence of several budget factors. These same factors compound risk to the wellness of the Joint Force and our Military Family. As I testified in April, we need the help of our elected leaders to gain budget certainty, time, and flexibility.

Few have borne more of war’s burden than our Military Family. For 12 relentless years, our service men and women have answered our Nation’s call with unsurpassed courage and skill. Many have fallen or been grievously wounded in the service of our Country. We honor them most by caring for their families and for those who have come home with wounds seen and unseen.

We are unfailing in our praise for the sacrifices of our warriors in battle. But for so many of our veterans, returning home is a new type of frontline in their struggle. We cannot cut corners on their healthcare. We must continue to invest in world-class treatments for mental health issues, traumatic brain injury, and combat stress. Stigma and barriers to seeking mental health services must be reduced.

Suicide is a tragic consequence for far too many. As a Nation, we have a shared responsibility to address this urgent issue with the same devotion we have shown to protecting the lives of our forces while in combat. The Department is working closely with our interagency partners and the White House to increase our understanding of the factors leading to suicide and how to best leverage care networks to keep our veterans alive.

The risks inherent to military service must not include the risk of sexual assault. We cannot allow sexual assault to undermine the cohesion, discipline, and trust that gives us strength. Therefore, working closely with the Secretary of Defense and Congress, we are examining the best ways to leverage additional education, training, and the Uniform Code of Military Justice. We are exploring every option, and we are open to every idea, that will help eliminate this crime from our ranks. As I testified last week, we are acting swiftly and deliberately to accelerate institutional change—to better protect victims, to prevent and respond to predatory and high-risk behaviors, and to ensure a professional work environment while at the same time preserving the right of the accused. We will not shrink from our legal and moral obligations to treat each other with dignity and respect.

Future success relies on opening our ranks to all of America's talent. The Joint Chiefs and I have supported the expansion of service opportunities for women. This decision better aligns our policies with our experience in war, and it serves to strengthen the Joint Force. Consistent with the law, we also extended some benefits to the same-sex domestic partners of servicemembers. We are implementing both initiatives deliberately across all Services to ensure we uphold essential standards, guard against potential risks, and avoid creating new inequities for other members of the Joint Force.

Keeping faith with our Military Family will take a mutual commitment from fellow veterans and a grateful Nation. The next few years will define how we, as a Nation, view the 9/11 generation of veterans. America's future All-Volunteer force is watching.

They are also watching as we inflict risk on ourselves. With \$487 billion in planned reductions already reflected in the Department's fiscal year 2013 budget, sequestration's additional cuts jeopardize readiness not only this year, but also for many years to come. We cannot fail to resource the war we are still fighting. At the same time, we cannot compromise on readiness in the face of an uncertain and dangerous future. Our Joint Force must begin to reconnect with family while resetting and refitting war-torn equipment. It must retrain on the full-spectrum skills that have atrophied while developing new skills required for emerging threats. There are no shortcuts to a strong national defense.

When budget uncertainty is combined with the mechanism and magnitude of sequestration, the consequences lead to a security gap—vulnerability against future threats to our national security interests. And, as our military power becomes less sustainable, it becomes less credible. We risk breaking commitments to our partners and allies, our defense industrial base, and our men and women in uniform and their families.

This outcome is not inevitable. We can maintain the readiness and health of the force at an affordable cost, although this gets increasingly harder to do as uncertainty persists. But we need help from our elected leaders to keep the force in balance and avert the strategic errors of past drawdowns. To this end, the Joint Chiefs and I continue to request your support for certainty, time, and flexibility.

Most importantly, we need long-term budget certainty—a steady, predictable funding stream. While the passage of the fiscal year 2013 Appropriations Act provided relief from the continuing resolution, uncertainty over the fiscal year 2014 topline budget and the full effects of fiscal year 2013 sequestration remains. Last month, we submitted an amendment to the fiscal year 2014 President's budget that includes \$79.4 billion for overseas contingency operations (OCO) to support Operation ENDURING FREEDOM—mostly in Afghanistan—as well as finalizing the transition in Iraq. We also submitted a reprogramming request designed to offset our most critical fiscal year 2013 shortfalls, especially in wartime funding. We appreciate your expedited review and support of both requests, which will bring important near-term budget certainty and help reduce our most urgent OCO shortfalls.

Additionally, we need the time to deliberately evaluate trade-offs in force structure, modernization, compensation, and readiness to keep the Force in balance. We do not yet know the full fiscal year 2013 impact in these areas as we make key deci-

sions about fiscal year 2014 and beyond. Finally, we continue to seek the full flexibility to keep the force in balance. Budget reductions of this magnitude require more than just transfer authority and follow-on reprogramming authority. Everything must be on the table—military and civilian force reductions; basing and facilities; pay and compensation; and the mix among active, Reserve, and National Guard units.

There are no easy solutions, and no way to avoid sacrifices and risks as we work together to make the hard choices. But the fiscal year 2014 budget proposal helps us rebalance and strengthen readiness through these hard but necessary choices. It enables us to lower manpower costs, reduce unneeded infrastructure, and shed ineffective acquisition programs while maintaining support for the responsible draw-down of our military presence in Afghanistan. It provides an equitable and practical 2014 military pay raise of 1 percent while protecting important education, counseling, and wounded warrior programs. Proposed infrastructure reductions include a request for BRAC authorization in fiscal year 2015, although any closures would take multiple years and not begin until 2016. We simply cannot afford to keep infrastructure and weapons we do not need without getting the reforms we do need.

A JOINT FORCE FOR 2020

The budget decisions we are making now will indicate whether we view our future Joint Force as an investment or an expense.

America is unmatched in its ability to employ power in defense of national interests, but we have little margin for error. An unforeseen crisis, or a contingency operation, could generate requirements that exceed the capacity of our immediately available forces. We are able to deter threats, assure partners, and defeat adversaries when we do so from a position of strength. We remain strong—and our Nation is secure—because we treat being the best led, trained, and equipped force as a non-negotiable imperative.

The secret to sustaining our strength with this or any future budget is simple—preserve investment in readiness, prioritize investment in people, and protect investment in decisive capabilities. Now, several months since the Joint Chiefs expressed deep concern about a readiness crisis, we continue to curtail or cancel training and exercises across all Services for units not about to deploy. The costs of recovering lost readiness are going up by the day. Inevitably, recovery in the years to come will compete with the costs of building Joint Force 2020.

It is our people that make us the most capable military in the world. They are our best hedge against threats to our homeland and interests abroad. By 2020, we will require even greater technical talent in our ranks. But developing technological skill must occur in concert with leader and character development. We must resist the temptation to scale back on education, including languages and cultural knowledge. Military service must continue to be our Nation's preeminent leadership experience. It is more important than ever to get the most from the potential and performance of every servicemember.

Investing in people is not just about their development and readiness. It is also about the commitment we make to their families. Unsustainable costs and smaller budgets mean we must examine every warrior and family support program to make sure we are getting the best return on our investment.

We need to reform pay and compensation to reduce costs while making sure we recruit and retain the best America has to offer. We must also balance our commitment to provide quality, accessible healthcare with better management and essential reform to get escalating costs under control. The fiscal year 2014 budget would help control rising healthcare costs by initiating a restructuring of medical facilities to make them more efficient, without sacrificing quality or continuity of care, and by proposing fee adjustments that exempt disabled retirees, survivors of servicemembers who died on active duty, and their family members. The Department of Defense is also working with Veterans Affairs to find efficiencies across healthcare systems.

As we work to get the people right, we must also sustain our investment in decisive capabilities. The fiscal year 2014 budget continues to fund long-term capabilities that sustain our edge against resourceful and innovative enemies, while maintaining critical investments in science and technology, and research and development programs.

Emerging capabilities, once on the margins, must move to the forefront and be fully integrated with our general purpose forces. Special Operations Forces, for example, have played an increasingly consequential role over the past 10 years. We have expanded their ranks considerably during this timeframe, and now we must continue to improve the quality of their personnel and capabilities.

Closely linked are our intelligence, surveillance, and reconnaissance capabilities—from sensors to analysts. We will continue to rely on proven systems designed for the low threat environments of Iraq and Afghanistan. At the same time, we must also develop and field sensors designed to penetrate and survive in high-threat areas. They will expand our ability to access and assess hard-to-reach targets.

This budget also sustains our investment in cyber, in part by expanding the cyber forces led by the U.S. Cyber Command. Despite significant investment and progress in the past year, the threat continues to outpace us, placing the Nation at risk. The fiscal year 2014 budget increases funding for cyber security information sharing, but we need legislation to allow the private sector and U.S. interagency to share real-time cyber threat information—within a framework of privacy and civil liberty safeguards. In parallel, we must establish and adopt standards for protecting critical infrastructure.

The development and integration of these emerging capabilities will by no means amount to all that is new in Joint Force 2020. They must be integrated with our foundational and impressive conventional force capabilities. The fiscal year 2014 budget protects several areas where reinvestment in existing systems—such as the C-130, F-16, and the Army's Stryker combat vehicle—sustains our competitive advantage. All are backed by our asymmetric advantages in long-range strike, global mobility, logistics, space, and undersea warfare. And, they must be connected with a secure, mobile, and collaborative command and control network.

This combination of increasingly powerful network capabilities and agile units at the tactical edge is a powerful complement to leadership at every echelon. It provides the basis to project both discrete and overwhelming power across multiple domains. It gives policymakers and commanders alike a greater degree of flexibility in how they pursue objectives.

As we set priorities and implement reductions, we must rely more on—and invest more in—our other instruments of national power to help underwrite global security. Fewer defense dollars only adds to the importance of relationships among defense, diplomacy, and development. When the political and economic foundations of our bilateral relationships are under stress, our military-to-military ties can serve as a model of professionalism and restraint for foreign militaries, and often help provide a channel for continued dialogue. Advancing American interests not only requires integration across all instruments of national power, but it also requires that our international partners accept a greater share of the risk and responsibility. Some are more ready and willing to do that than others.

CONCLUSION

Although I am confident the Joint Force today can marshal resources for any specific contingency, our goal is to be able to offer military options that restore and maintain readiness while putting U.S. national security on a sustainable path to 2020 and beyond. To do this, we must recruit and retain the most talented people. We must invest in their competence and character so they can leverage emerging and existing capabilities in our defense. It is an investment our predecessors made in decades past. We must do the same.

Our consistent first line of defense has been and always will be our people. They are our greatest strength. We will rely on our war-tested leaders to think and innovate as we navigate the challenges and opportunities that lie ahead. We need to seize the moment to think differently and to be different. But we cannot do it alone. We need the help of our elected officials to give us the certainty, time, and flexibility to make change. Otherwise, the cuts that have already diminished our readiness will only get deeper, and the risks we will have to accept in the years to come will only increase.

We can and must stay strong in the face of declining budgets and rising risk. We must have the courage to make the difficult choices about our investments, about our people, and about our way of war. The Secretary's Strategic Choices and Management Review (SCMR) is helping to identify options and opportunities as we move forward in partnership with Congress.

We have been down this road before. We can lead through this uncertainty and manage the transition to a more secure and prosperous future. I know your Nation's military leaders are ready—as is every single Soldier, Sailor, Airman, Marine, and Coastguardsman—to give their last breath to defend America and her allies.

Please accept my thanks to this committee and Congress for all you have done to support our men and women in uniform. Together, we serve our Nation.

Senator DURBIN. Thanks, General.

I know Mr. Hale will be here for questions if any are directed to the Comptroller.

I will start. This morning's front page of newspapers all across the United States tells the story of Edward Snowden—Edward Snowden, who was an employee of Booz Allen, working for one of our premier national security agencies as a contract employee. The story that is told is that he was a high school dropout, that he did not finish his military obligation, though he attempted, and dropped out of community college. And it is also reported that he is being paid in the range of \$200,000 a year as a contract employee.

CONTRACT EMPLOYEES

Secretary Hagel, I continue to be concerned about the cost of the contractor workforce, not just in the National Security Agency (NSA) but in the Department of Defense. Recent reports have again emphasized that the average contract employee costs two to three times as much as the average DOD civilian employee for performing similar work. According to DOD information from fiscal year 2010, contract employees comprised 22 percent of your Department's workforce but accounted for 50 percent of its cost, \$254 billion.

So now let us take a look at what is happening when it comes to the treatment of the workforce. I wholeheartedly support the idea of exempting uniformed personnel from sequestration cuts. We owe it to these men and women not to put a hardship on them when they are literally risking their lives for America. But then if we take a look at the civilian workforce in the Department of Defense, here is what we find. There has not been a civilian pay raise since 2011.

So my question to you is this. If we are setting out to save money, has the civilian hiring freeze resulted in more or fewer contract employees? And if so, how are you tracking the cost ramifications? Has contractor pay in the Department of Defense increased during the civilian hiring freeze?

Secretary HAGEL. Mr. Chairman, I will defer the specific numbers that you asked or the questions to the comptroller here in a moment. But let me address your larger context of your question on contractors.

We are currently reviewing all contractors, all the contracts we have. We have no choice for all the obvious reasons. Contractors are part of any institution. We need them, certain skills, certain expertise. But there is no question that we are going to have to make some rather significant adjustments, which we are.

And by the way, the furlough process does include contractors. It includes companies. It includes acquisitions. It includes contracts. And your specific questions on the Government Accountability Office (GAO) reports—I will ask Mr. Hale to respond, but let me make one other point.

I do not disagree with any of your general analysis on contractors. I think when you look at the buildup over the last 12 years—and I was in this body during a significant amount of that—and as that buildup occurred and the money flowed into different departments and institutions, because we felt they were required for

the national security of this country, there will come a time—and it is now where we are going to have to make some hard choices in the review of those.

So wherever you want to go, but if Mr. Hale would like to present a response to some of the specific questions on the numbers, I would be very happy to ask him to do so.

Senator DURBIN. Certainly. Please.

Mr. HALE. Just briefly, Mr. Chairman. We are taking a \$37 billion sequestration cut in fiscal year 2013. The majority of that is going to come out of contractors. About \$2 billion will come out of furloughs. There is some additional amount from the hiring freezes that will affect our civilian employees. The majority will come out of contractors. So we are going to see a drop in contractors. I do not know yet how much because the year is not over, but I think it will be a sharp drop.

Senator DURBIN. Mr. Hale, do you dispute this finding that the average contract employee costs two to three times as much as the average DOD civilian employee?

Mr. HALE. No. It sounds about right. But let me say whether or not a contractor or civilian is cheaper or better really depends on the circumstances. There are some cases where we simply do not have the skills in the Department of Defense that we need or it is a short-term job. It would not make any sense to grow them. Audit readiness, an excellent point. I am hiring a lot of contractors because they know how to do audits. We do not yet. And other circumstances. If you are going to have the job over a long period of time, you are probably better off, it is probably cheaper to have a civilian Government employee do it.

Senator DURBIN. When I was on the Bowles-Simpson Commission and the Secretary of Defense came to speak, we asked him how many contract employees worked for the Department of Defense, and he said, "I cannot tell you. I just do not know."

Mr. HALE. You know, I know it sounds bad, but let me tell you why that is partly true, and then I will give you the best number we have.

It is partly true because if you do a fixed-price contract, the contractor has no obligation to tell you how many people are doing it. They just do the work, and if they do it satisfactorily, you pay them. We are in the process now of asking all our contractors, probably at some expense to the Government, to tell us how many people, even if it is a fixed-price contract. So we will know better. But roughly, we have got about 700,000 service contractors right now is our best current estimate.

Senator DURBIN. Well, I have found—and I am sure Senator Mikulski has some thoughts on this issue—a sense of disdain towards civilian DOD employees and a sense of benign neglect when it comes to contractor employees. And I think if there is going to be sacrifice, it has to be across the board, and if we are going to save money, it should not be at the expense of those who are willing to work in the Civil Service.

So my time is up at this point.

Mr. HALE. You will not get any argument from me on that, Mr. Chairman.

Senator DURBIN. Thank you very much.

I do not know whether to turn to my right or my left. I think I will turn to Senator Mikulski. I think I will turn to Senator Cochran.

SHORTFALL IN OVERSEAS OPERATIONS AND MAINTENANCE ACCOUNT

Senator COCHRAN. Mr. Chairman, in reviewing the request before the committee, I noticed there is an operations and maintenance shortfall for the Army's request in excess of \$8 billion in the overseas contingency operations and maintenance account. Why are we seeing such a huge difference between what was requested and what is available for these activities? Why this big disparity?

Secretary HAGEL. Senator Cochran, I will respond generally and then ask the Comptroller to be more specific on the accounts.

I noted in my statement here this morning that the costs essentially of transitioning and withdrawing from Afghanistan—and that is principally an Army assignment, as has been the situation, as you all know, the last 12 years. The Army has had the bulk of certainly the manpower responsibilities in these two wars, Iraq and Afghanistan. As we are unwinding those in equipment and maintenance, to get that equipment out—it is not easy to get out for a lot of reasons—the cost has been significantly more than what had been anticipated over the last year—2 years. That is part of it.

But there are other parts to it that I am going to ask the Comptroller to address more specifically which will, I think, address exactly your numbers. Bob?

Mr. HALE. The shortfall you are referring to is in fiscal year 2013, and the Army is short as much as \$8 billion. We do these estimates 2 years in advance, Senator Cochran, and it is hard to guess what a war is going to cost that far in advance. We do not know for sure the operating tempo. Sometimes we have guessed too high. We have asked for too much money. I do not like to say that but I will. But this year, regrettably, we did not ask for enough.

Several factors. One, we underestimated the level of operating tempo that would actually occur. We underestimated the transportation costs, as the Secretary alluded to, to get equipment out partly because of the issues with Pakistan on the ground lines of communication and a variety of other factors. So, yes, we are short as much as \$8 billion, and it is coming at a time when sequestration has greatly limited our ability to cover that. So if I can make the pitch here, we need this reprogramming, please, a hopeful full approval or close.

Senator COCHRAN. We appreciate your efforts to hold down the costs and try to eliminate unnecessary or wasteful spending in this budget even though we are involved in military operations and those are costly and more costly than when you do not have a war going on. And we understand that. But it just struck me as a pretty high number, and I was curious as to what the details were.

In 2012, the Department of Defense—I guess this is directed to the Secretary—announced a strategy that would shift focus in military capability to the Pacific theater. Since that time, the Department has been forced to deal with a lot of uncertainties, sequestration included, and events such as what is happening in North Korea and how serious is that, and are we going to incur knowable

amounts of additional spending for dealing with that stressful area of the world?

Concerning shipbuilding projects for amphibious warship inventory, if you look at some of the parts of the budget that you would think you might come in for increases, there will be decreases. The 30-year shipbuilding plan projects amphibious warship inventory will fall to 28 ships in fiscal year 2015. This could have a negative impact on our ability to protect our interests in the Asia-Pacific region.

What is your assessment of this? I guess the Secretary and then the Chairman.

Secretary HAGEL. Thank you.

I will respond, and then I know General Dempsey will want to respond as well.

First, your initial question about additional operating expenses based on threats in the Asia-Pacific. You mentioned specifically North Korea. We have had to place assets differently, reposition resources, capabilities over the last few months. Essentially since I have been over there, a little more than 3 months, a good deal of my time has been devoted to that part of the world, and that particular issue, North Korea, has consumed a good amount of it. So there have been additional costs. There may well be additional costs. Partly what the Comptroller was referring to, Senator, in his general commentary on answering the chairman's question about uncertainties, you plan for uncertainties but you never know. We have had to protect our assets there, whether it is Guam, Hawaii, Japan, South Korea, and we need to continue to keep all options available for the President if we would be required to take any kind of additional action.

SHIPBUILDING

Second, shipbuilding. Yes, there will be a dip, as you noted, in 2015 as we work toward the 300-ship Navy, and we are on course for that. The budget numbers play that out. You mentioned specifically why is there a decrease in some of these areas. There are decreases in most areas, as you know, because the resources are not there. So the tough decisions have had to be made—and more will come—have to align with our strategies and our commitments and our guidance. We are committed to that 300-ship Navy. We are finding new capabilities in these new ships that we did not have previously. But as you go through that cycle of the 30 years—and if the Comptroller wants to go into more specifics, he can—you will find a couple of those years will dip because we are retiring old ships that would cost more to maintain them as we are acquiring new technologies in ships.

So let me stop there and ask General Dempsey, Senator, if he would like to respond. Thank you.

General DEMPSEY. Thank you, Secretary.

Senator, if you are asking will the sequestration level of cuts have an effect on our ability not only to produce capability, but capacity—capability, what we can do; capacity, how often—absolutely. We are talking about a \$1.2 trillion difference when you add up what was done in the \$487 billion of the Budget Control Act

that gauged efficiencies in sequestration. \$1.2 trillion is going to leave a mark on what we plan to do.

Now, that said, the Strategic Choices and Management Review that the Secretary has just led us through will allow us to identify the point at which the Defense Strategic Guidance that you referred to from last year where we will potentially render it infeasible, and that work should become clearer in the weeks ahead.

Senator DURBIN. Thank you, Senator Cochran.

Chairwoman Mikulski.

Chairwoman MIKULSKI. Mr. Chairman, thank you and thank you for your questions about Mr. Snowden. All of Maryland is reeling from this. One, the National Security Agency is in our State. Second, Mr. Snowden's mother's name was disclosed, her workplace, her home address. That dear woman had nothing to do with this incident, and now she is being harassed. And people are asking why a kid who could not make it through a community college can make 200 grand a year and be exposed to some of our most significant secrets. So we will have a lot of hearings on this, and thank you for raising it for our civilian employees.

It is good to see you, Secretary Hagel, General Dempsey, Mr. Hale.

First of all, I want to just acknowledge all of the work that you do, and you, General Dempsey, for your service and the stress that you are under. I mean, if we just looked at the "S" words, from "Syria" to "sequester" to "sexual assault," that is enough to keep anyone functioning at a 36-hour day. So I just want to acknowledge that we are in a very difficult and transition time both in terms of a military mandate and then the money to go with it.

Today, I want to focus my questions on the troops, their families, and their well-being, from recruitment all the way through to retirement.

Secretary Hagel, I want to thank you for your participation in the Department of Veterans Affairs (VA) backlog hearing, your prompt response, your must-do list, the appointment of Mr. Lupton. We look forward to working with you to crack the code on the military backlog.

Second, on healthcare. As you recall in our confirmation hearing, I had hoped to work on—I look forward to working with these issues with you.

HEALTHY BASE INITIATIVE

Mr. Chairman, there is within the budget a request for something called a "Healthy Base Initiative." This is how we would organize all the resources of the Federal Government, working with the private sector on the base, to really create a sense of a healthy base initiative related to everything from nutrition to physical fitness, resiliency. I will be working with the chairman to fund it.

I must say on the Healthy Base Initiative, though, I know you have selected 13 sites. They read like a National Geographic tour. There are three in Virginia. There are none in Maryland. Not a good thing to do.

I would hope you would look at Fort Meade. Fort Meade is in the news, but it makes news every day. There are 39,000 employees,

military and civilian and contractors, there. So could we take a look at that?

And I would like to talk more about healthcare, but let me move on to something else, which is sexual assault.

SEXUAL ASSAULT

Gentlemen, I have been working on this issue for 25 years both as a Member of the Senate and on the Board of Visitors. We had the hearing last week, and there was robust response and I would like to pick up on it.

So let me tell you my focus. My focus is on the service academies because I want to focus on the training of this generation and the next generation of leaders. Secretary Hagel, when I read your testimony—let me get to where I want to go here—you outline several steps that you are taking, and I want to acknowledge these steps and I want to appreciate them. They go, though, to current command. You talk about the service chiefs to develop military commanders' performance. Excellent. I support that. In other words, I support everything you have in your testimony.

SERVICE ACADEMIES

But let us go to the service academies. I believe that leadership trains leadership, and the tone is set by the superintendent of the academy. As you look at how to evaluate military commanders' performance in establishing a command climate of dignity and respect, which you say in your testimony, incorporating sexual assault prevention in the selection of superintendents for the United States military, do you now or would you consider really evaluating as part of their performance, one, how they get their job and how they retain their job, that this be a matter that is included in the command performance evaluation?

Secretary HAGEL. Absolutely, yes. As you know, there is an evaluation process before any of these individuals are given these assignments. However, to your point, there has been very little emphasis on this issue. But that is across the—

Chairwoman MIKULSKI. When you say "this issue," you mean the superintendents or sexual assault?

Secretary HAGEL. Sexual prevention, assault, training, attitudes, the entire context of this issue.

I have redirected that effort in recertifying and reevaluating all of our senior people from recruiters—there is a stand-down in every military organization—all the sexual prevention office heads, anybody in those offices, across the board. This also includes all of our leaders at the academies, the superintendents, the commandants, and that will go down into instructors as well. Now, that is a component of this problem—academies—but it is not, as you know, the only part of the problem.

Chairwoman MIKULSKI. I know it is not. But I would like to really focus on the superintendents of the academies. For 25 years, I have watched some outstanding superintendents, particularly at the Naval Academy, and I have seen some duds. Sixty percent of the generals that we now have serving graduated from West Point. Ninety percent of the admirals graduated from the Naval Academy. This says what the pipeline of leadership is, and that is what it is.

That is why we spend \$400,000 educating these very talented men and women. They need leadership that is contemporary and understands the contemporary workforce. And I am very concerned that in their selection for being a superintendent, what this is.

So I like your "from recruitment all the way through." I support everything you have in your testimony, but I need a focus on these superintendents. Could you give us a list of the criteria on selecting the superintendent?

Secretary HAGEL. We will provide that to the committee, and you, once again, have my commitment, absolute commitment, as I know General Dempsey's, our entire leadership on getting this right. We will get it right. And I understand exactly what you are saying, and we will provide that information.

[The information follows:]

During the hearing, you asked me to provide the list of criteria used to select Service Academy Superintendents. While there is no formal checklist, the Chief of Staff of each Service considers a number of criteria before recommending to the Service Secretary a three-star flag officer to serve as the Service Academy Superintendent. The criteria includes: Extensive command experience to include a successful two-star command; combat experience; and having graduated from or served at the Service Academy. In addition, as with any four- and three-star position, the Secretaries and Chiefs of Staff seek officers who have demonstrated highly effective performance in a variety of key positions and who have faithfully executed the law, authorities, and responsibilities accorded them over their careers.

Given the tremendous responsibility associated with the Superintendent's role in ensuring the best possible development of tomorrow's leaders, his/her selection carries with it an added degree of scrutiny by the Secretaries and Chiefs of Staff. Beyond selfless dedication to and competence in the profession of arms, they seek nominees who they are confident will engender the public's trust and that of the faculty and students they must lead. The Superintendent must also be able to provide direction for all phases of cadet academic instruction and military training while leading any needed institutional change to ensure each graduate is a commissioned leader of character committed to the core values of the Service. Accordingly, the Secretaries and Chiefs of Staff carefully consider any potential nominee's personal and professional reputation in an effort to ensure recommending only those officers who demonstrate leadership, character and values commensurate with the honor and privilege of serving as Superintendent.

I look forward to working closely with you and the Subcommittee as they consider the fiscal year 2014 Defense Appropriations Bill. Thank you for your continued support of our men and women in uniform and our entire civilian workforce.

Chairwoman MIKULSKI. Well, my time is really up.

Also, every year you get a report that was mandated in the DOD authorization on the sexual assaults at the service academies, then how they are handled by the service academies, and then the Board of Visitors is enormously uneven. There are inconsistent policies, inconsistent implementation of the policies. Could we really focus on the service academies? I could go through the numbers and statistics.

Secretary HAGEL. We will, we are, and we will continue to update the committee. We would be very happy, Senator, to come give you a briefing on specifically this issue anytime that you request.

Chairwoman MIKULSKI. Thank you.

And my last question on this. Would you support Senate confirmation of the superintendents of the service academies?

Secretary HAGEL. I do not have any problem with that at all.

Chairwoman MIKULSKI. Thank you.

Senator DURBIN. Thank you.

Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

First, I want to associate myself with the comments of the chairman of our Appropriations Committee. It seems to me that her points about the service academies are very important, and I appreciate her bringing them up today.

SHORTFALL IN READINESS ACCOUNTS

Secretary Hagel, you testified this morning that the shortfall in the military readiness accounts for the remainder of this fiscal year is about \$30 billion. Since unanticipated war costs, not the sequester, account for at least 25 percent and perhaps up to a third of the shortfall in the readiness accounts and about 50 percent of the shortfall in the Army readiness accounts, should we not be addressing this portion of the fiscal year 2013 budget shortfall with a supplemental OCO request?

We understand that war is uncertain, that it is extraordinarily difficult to accurately estimate what the costs are going to be, particularly in the situation we find ourselves in, in Iraq and Afghanistan. But there is a direct link between the unexpected, unfunded war costs and the furloughs because they are funded from the same accounts, the readiness accounts.

Now, you have mentioned, as has Secretary Hale, the reprogramming request that you have before our committee, but that does not give you more funding. It just allows you to shift funding around.

SUPPLEMENTAL REQUEST

So my question, Mr. Secretary, is this. Will the Department be submitting a supplemental request to Congress to address the higher than anticipated war costs?

Secretary HAGEL. Senator Collins, first, as you have noted and as you have read and you are aware, one supplemental to address this issue is not going to fix this problem. The only thing that is going to fix this problem is a change in the sequestration, as you have heard, I know countless times.

Now, to your specific question, we have not considered a supplemental. I have not discussed a supplemental. So if that occurs, then we would look at it. But that is about as far as I can go. We just have not looked at that as a possibility.

Senator COLLINS. Well, I would encourage you to do so because although I do not support the sequestration process and believe we should be setting priorities and I am very worried about the detrimental impact on the Department of Defense, the fact is that is not the total cause of the shortfall in the readiness accounts, and overall across the Department between, well, approximately a third of the shortfall is not due to sequestration. It is due to higher than anticipated war costs. So even if we abolish sequestration today, that does not solve the problem of your needing, legitimately needing, more money to deal with the unanticipated, underestimated war costs. And so I would ask you to look at the possibility of submitting a supplemental request.

Let me just make one more comment. You talked about the 300-ship Navy being on track, and I, of course, am very pleased to hear that. And it is particularly important given the new defense policy focusing on the Pacific that the President has revealed.

10-SHIP PLAN

The Assistant Secretary of the Navy, Sean Stackley, recently testified about the 10-ship plan for destroyers and that the marginal cost to acquire that 10th destroyer makes it an extremely affordable acquisition and would contribute to the cost efficiency of the overall multiyear. In fact, due to sequestration, the Department is about \$306 million short despite the fact that a destroyer costs considerably more than that. But there are real economies of scale due to the multiyear procurement plan that the Congress has approved.

Do you support continuing with that multiyear procurement plan?

Secretary HAGEL. I am familiar with the specific situation, and we are currently closely examining whether a commitment to that 10th ship should be made for the reasons you just mentioned. That decision, as far as I know, has not been made yet. And I will ask Mr. Hale to respond to this. But it is part of the overall larger strategic interest, especially as we are moving 60 percent of our naval assets into the Asia-Pacific area.

Bob, do you want to respond?

Mr. HALE. There are some specific problems you are well aware of with sequestration effects on the multiyear. We are trying to solve them. There is a small amount of money in this reprogramming actually to help. But we are going to have to look at this in light of what happens in overall sequestration before we make that final decision. But we would like the 10th ship.

Senator COLLINS. Thank you.

Thank you, Mr. Chairman.

Senator DURBIN. Thank you very much.

Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

I could not help but think on one of the earlier questions about sexual misconduct at the naval academy and elsewhere, at least what is reported in the press, in most of those cases where nothing was done, if that was outside a military reservation with the special laws, local prosecutors would be prosecuting people. There would be people going to jail. And I would hope any local prosecutor who knew what they were doing would not be taking the position almost of blaming the victims that we saw in some of these cases.

I mention that because I know there is some reluctance expressed in making the chain of command more responsive, but with all of you here, let me tell you there is some thought—and this is a matter that would not be before the Appropriations Committee, but before the Judiciary Committee—to removing the exemption and allowing State prosecutors to move in on those cases. And I throw that out. I realize that would be quite controversial. But I throw that out as a warning to the military chain of command that this “do things as they have always been done” is not acceptable.

There are many of us on the Judiciary Committee who had the opportunity to serve as prosecutors, both parties, in earlier careers. And I just throw that out. I am not looking for an answer. I know the Armed Services Committee and others look at it. Mr. Secretary, I was heartened by your very, very strong statement in this area.

General Dempsey, I know of your concern. So I will be revisiting this with you privately, but it is something that we are considering.

I think we have talked about what our troops have accomplished in Afghanistan. I include Vermont's 86th Brigade that was there and they fought with great bravery. Several lost their lives. But with Syria and Iraq and much of the Muslim world descending into sectarianism, I wonder whether Afghanistan faces a similar fate after December 2014. So I would ask you, can our efforts be sustained by the Afghan Army when we leave? And is it possible that we leave earlier than we now plan?

Secretary HAGEL. Thank you, Senator Leahy. Just a very brief response to your sexual assault comments.

You have summarized it pretty well. You know what I have done in cooperation with our chiefs. There are going to have to be changes made. There will be changes made. But as we make those changes and work with the Congress on this, we need to be as sure as we can be that the consequences that will come from whatever decision is made by the Congress to make those kinds of adjustments that we need to make—and you know I agree with that in many ways—that they are thoughtful.

And just the last point on this. As you know, the Congress instructed the Department of Defense in its National Defense Authorization Act (NDAA) 2013 statement to put together a panel, which Congress appointed four representatives to that panel, DOD representatives. Five are on that panel. That panel will hold its first meeting in the next 2 weeks. I have talked with them a couple of times. The objective of that panel is to go down into every aspect of this issue, the chain of command, authority, Uniform Code of Military Justice (UCMJ), and make recommendations to the Congress and to the Department of Defense on what needs to be changed, what they think needs to be changed. These are very eminent, qualified, respected, experienced people, men and women of all backgrounds. So I just add that as a last point. And to this point, we are working very closely with them.

AFGHANISTAN

As to your questions on Afghanistan, let me respond and then I will ask General Dempsey for his thoughts on this.

First, as you know, we are building toward the transition with our allies. I was in Belgium last week. This issue was very much a focus of the 50-member International Security Assistance Force (ISAF) nations that are in Afghanistan now. Many will continue to have a presence and have a role in a post-2014 transition effort, which we will lead, the United States. As you know, it is train, assist, and advise. A number of countries came forward last week at that NATO meeting and committed to Germany, Italy—the Turks are looking at seriously the consideration of being a framework nation for Kabul and so on.

I mention that because this is going to continue to be an international effort. As to your question, can they succeed, well, that is the question. We have a very strong feeling that they can, they will. They are going through a very difficult fighting season now, as you know, every day. Our lead combat role is now extinguished. There will be a formal handover to that effect in 2 weeks in Kabul.

The Secretary General of NATO will be there to represent the ISAF forces in NATO. We continue to build—and help them in every way—their army, their police, their system. Big problems, questions, of course. Uncertainty, of course. But we are doing everything we can to assist that successful transition and a peaceful and prosperous and free Afghanistan.

General.

General DEMPSEY. I will submit a longer answer for the record in deference to your time, Senator.

But I would say one could make a very strong argument that what really hangs in the balance in Afghanistan right now is the confidence of the Afghan Security Forces and the confidence of the Afghan people in them to preserve a measure of stability after our departure.

And I think that everything we do in the next year and a half, because that is really what we are talking about here, between now and the end of 2014, should serve to reinforce their confidence, a bilateral security agreement, some commitment to our enduring presence, increasing our commitment to accelerating the enablers that we provide them. And anything we do to discourage them will probably make it a fait accompli that they will not succeed.

But I will submit a longer response for the record.

[The information follows:]

We believe the ANSF will be able to provide security for the Afghan population once we leave. In fact, transition is already well underway: core al-Qaeda is decimated, the Taliban degraded, and the ANSF enters the 2013 fighting season stronger than ever. ANSF is now leading the vast majority of combat operations and has the lead for planning and execution of combat operations. We still have 19 months until the end of the 2014, and we will use that time to continue to focus on ministerial capacity, enablers, and leadership development to set ANSF up for long-term function. Also along these lines, ISAF casualties are now lower than they have been since 2008, the majority of ISAF bases have been transferred to the Afghan Government or closed, and construction is complete on most Afghan Army bases and Police facilities.

As for whether we will be able to leave earlier than currently planned, that decision will be conditions based, and will depend largely on Commander ISAF's recommendations. U.S. and coalition forces are withdrawing very quickly already, and the effects of even faster withdraw would be precipitous and likely negative—especially with pending Afghan Presidential elections in 2014, and with hedging behavior by many actors (including GIRoA and the Afghan people, not to mention the Taliban) evidenced in advance of clear announcement by the U.S. of continued support and assistance through the Transformation Decade. Earlier this year, President Obama announced that the United States would redeploy 34,000 personnel by February 2014, a level one-half the size of U.S. forces in Afghanistan at the time of the announcement. The pace and size of this withdrawal are consistent with Commander ISAF's recommendations to draw down in a manner that protects our troops and maintains hard-won gains. The current withdrawal plan will provide enough forces to support the ANSF through two crucial Afghan-led fighting seasons and will also enable us to assist the ANSF in providing security for the 2014 elections, the success of which is critical to the long-term stability of Afghanistan.

Senator LEAHY. I appreciate it.

Mr. Chairman, I will submit a question on Strategic Choices and Management Review (SCMR) and my concern that—for example, in the past, we have cut things off. Like Secretary Gates shut down the Joint Forces Command. They just moved most of it to the Joint Staff. And I do have a specific question of what happens. Are things shut down or just moved around?

And, General Dempsey, I look forward to your answer. I understand it is a very complex issue, but I also worry about just what is happening there.

My time is up.

Senator DURBIN. Thank you, Senator Leahy.

Senator Shelby.

Senator SHELBY. Thank you.

Mr. Secretary, welcome back to the Senate where you spent a lot of years.

NORTH KOREA

I want to get in the area of North Korea. A lot of us are very concerned—and I know you are—about the developments in Korea. It runs hot and then it cools off a little bit. But we have a very unstable regime, I believe, there and so forth.

What role could China play, if they chose to do so, with North Korea? You know, they have at times. They have let them go at times. And how important are the developments in Korea to our national security?

Secretary HAGEL. Senator Shelby, thank you.

China. As you all know, the President spent a couple of days with the new Chinese President Xi in California—

Senator SHELBY. Absolutely.

Secretary HAGEL [continuing]. A few days ago. Obviously, North Korea was a significant part of that agenda. I was in Singapore about a week ago for the Shangri-La Dialogue. I met with my not exact minister of defense level counterpart from China but senior representatives from the ministry of defense there. General Dempsey has met with his counterpart. And so we have a number of tracks that we are working with the Chinese on. I say that specifically to address your point about North Korea, there is very little question that the Chinese have more influence with North Korea than any country.

And without veering off into the Secretary of State's province, I would say that the Chinese have been helpful in dealing with the North Koreans. We have different issues, different agendas, different interests. But we also have many of the same interests that are parallel and intersect. North Korea is one.

How dangerous is North Korea? Dangerous in the sense they are unpredictable. They have capacities. We know that. We have allies there starting right on the border of the Demilitarized Zone (DMZ) with our allies in South Korea. We know the kind of armaments and artillery that they have lined up—the North Koreans—against Seoul. Their capacity, rocket capacity, thrust capacity, weapons capacity, Japan. That is why we responded the last 3 months the way we did, Terminal High-Altitude Area Defense (THAAD) battery in Guam to protect our assets, some other, which this committee is very familiar with, decisions that we have made, the President has decided on.

So we have to be prepared, Senator, for every option, every contingency. You said it, I think, correctly. We see this up and down diplomatic track and then there will be something to occur, and then there is a diplomatic track. The South Koreans and North Koreans sat down for the first time in 6 years a few days ago. There

will be ongoing meetings. I think any of those dialogues and any of those venues are helpful, important. But North Korea remains still a dangerous and unpredictable country, and we need to be prepared for that.

I do not know if General Dempsey has any response.

Senator SHELBY. General Dempsey.

General DEMPSEY. Well, thank you, Senator.

I mean, you asked about what are our national security interests on the Korean Peninsula. I would list four very quickly. One, defend the homeland. They are seeking to acquire the ability to reach the homeland or some of our territorial interests in the Pacific. So we have a very clear interest in that national security interest.

Secondly, preserve the armistice. We are responsible by treaty obligation to preserve the armistice that has existed there for 60 years. And related to that, we have 29,000 service men and women and about 4,000 families living on the peninsula to achieve that purpose.

Third, they are a risk to our security in the way they proliferate technology, whether it is nuclear technology or ballistic missile technology.

And fourth, I would say we always have an interest in ensuring secure and confident allies. And so our commitment to our Republic of Korea allies is it is a reflection of our commitment to the region.

Senator SHELBY. Mr. Secretary, would touch—I just have a few seconds. You might have a longer answer—on cybersecurity? You know, we are all interested in cybersecurity for our industries, our private businesses, and so forth. We are being attacked everywhere. I know that you are being attacked through the defense installations everywhere. How important to—I think we all know the basic answer. Cybersecurity is important to the services because so much of what you do is based on software and the Internet. Do you want to comment on that?

Secretary HAGEL. I will, and in the interest of time, I will be brief.

But I would start with this. It is one of the very few areas of the fiscal year 2014 budget where we have asked for an increase for obvious reasons.

I have said many times, Senator Shelby—I said it when I was in the Senate—that I think the cyber threat is probably the most insidious, dangerous threat overall for this country. And there are a lot of threats. But it crosses every line. You do not know where it is coming from. You do not know when it is coming. This is a very significant threat, and I think everyone understands that in the Congress. We do. Just as you noted, it takes down industrial base secrets. It can essentially paralyze economies, our computers, our satellites.

Senator SHELBY. It could change the whole equation of this—

Secretary HAGEL. It changes everything. It could change everything.

As you know, the President spent considerable time with Chinese President Xi on this issue. I made in my statements and in my speech at the Shangri-La Dialogue in Singapore last week—I made that a big part of my speech, and I specifically noted that we are aware that many of these attacks are emanating from China. And

so I do not think we can minimize this threat, Senator, and I think it is going to be with us and it is as big a threat that I think we have out there in every way to our country. And it is not just unique to this country. It is unique to every country.

Senator SHELBY. Mr. Chairman, I have some other questions I would like to submit for the record, if I could.

Senator DURBIN. Thank you, Senator Shelby.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

Thank you, gentlemen.

TRICARE FEES

Mr. Secretary, you and your colleagues have made very difficult decisions in this budget. One of them, in particular, is with respect to the benefits and particularly TRICARE fees. And one of the realities is there are expectations in the active and retired force based on great sacrifice and service that they would receive these benefits or something equivalent to it.

Can you give us the rationale again? I know you mentioned in your opening statement about what is compelling you to take these steps.

Secretary HAGEL. Yes, I can, Senator Reed, and I may ask the Comptroller to give you a couple of numbers on this.

First, as I said in my opening statement—and everyone on this committee knows this—and as the chairman noted a speech that Chairman Dempsey gave about a year ago at the National Press Club, your people are your most important asset. You take care of your people. And we have made commitments to our people. Our country has. We have asked them to sacrifice, continue to sacrifice, and you know all about that, Senator Reed. Therefore, we have an obligation here.

And the TRICARE program is a very central part of the benefit package to our people. Not unlike Social Security, not unlike our entitlement programs generally in society, when you look out over the next few years, how are we going to sustain these programs.

And so what we are looking at is finding ways to make some modest adjustments now so that we are not faced with abrupt cuts we will not be able to sustain because we can continue to play out the kind of benefits we have now, but what that is going to mean is a much smaller force because we are not going to be able to afford the same kind of benefits.

What we are proposing, Senator, is modest increases in the enrollment fees. By the way, it does not affect any of the Active Duty members. Mainly those who would be affected in the still-working age after they leave the military before 65. We are asking for a modest increase in that fee, co-pays increase for prescription drugs.

Still, even if we got those, that benefit package, and rightly so by the way, would probably be still the best benefit package that I am aware of anywhere. And so we have got to do this or at least start thinking about it and get serious about it because we are just not going to have the resources to sustain it out through the years that we are making these commitments.

I will ask the Comptroller if he wants—

Senator REED. Mr. Secretary—and I want to hear from the Comptroller, but just a follow-up point. Do you have a deliberate sort of strategy to engage these different groups, the retirees, the active forces—not just you but the Chairman or others—so that they understand and they have the opportunity to communicate with you and give their impressions together with their ideas? Because I think, again, ultimately there is a real question here 10 years from now whether the soldiers—and there is no one more invested in the success of our military forces than these individuals—will have the training, equipment, platforms, support that they need to do the job. Are you going to do that?

Secretary HAGEL. We do do that and we do it working with our military associations that represent certainly our retirees. We do it with veterans groups. We reach out to the Congress. We are in touch all the time with certainly members of your staff and all the appropriate committees, think tanks. We ask for ideas. We ask for input. We give everyone an opportunity to weigh in.

I think the last point I would make on this is unless we are able to—some of the comments that we have made in our testimony here this morning and others—General Dempsey and I—slow the growth in some of these programs—and it gets to what you just noted—what we will find here is that we are going to cut our combat power significantly. And that is one thing that, as you know, is a centerpiece of readiness and capability and options for any threat in the world.

So we have got to balance this, and we are trying to do that so that we do not hurt people, so we keep our commitments to people, we do the right thing. If we get at it early and make these modest adjustments, then we can work through this.

General DEMPSEY. Could I add, Senator? We cannot do this 1 year at a time. The real problem we are having is these things come up once a year, and we keep resubmitting them and we do not get them. Unless we look at the impact of sequestration over the course of sequestration and recognize the trades—because strategy is about choice, and we have got to make a choice how much force structure, how much readiness, how much modernization, how much compensation. But we have got to look at it over this 10-year period, and the Strategic Choice Review is going to give us the opportunity to do it. And we have to do what you just suggested.

Senator REED. Mr. Hale, my time is expired. I do not want to impose on my colleagues. If you have specific data or 10 seconds, I would take it now and then yield.

Mr. HALE. We are going to keep TRICARE generous. By 2018, our proposals save \$2.5 billion in that year alone. If we do not do that and we have to say cut forces to offset it, it is about 25,000 troops. We need to slow the growth.

Senator REED. Thank you.

Senator DURBIN. Thank you, Senator Reed.

Senator Graham.

Senator GRAHAM. Mr. Hale and Mr. Secretary, about 5 years ago—maybe longer—every group known to man in the retiree community, and military associations, had a summit about healthcare.

I think we need to do that again. I would love to volunteer with you to be part of that.

Mr. Hale, what percentage of DOD spending will healthcare consume in the next decade if we do not change the trajectory?

Mr. HALE. Well, it is about 10 percent now. Let me supply a direct number for the record. A lot depends on what happens to the overall budget, but it is going to grow because the budget looks like it is getting down. So I would guess it would be in the teens, but let me supply a better—

Senator GRAHAM. Yes. I heard it could be up to 20 percent in the next decade if we do not—

Mr. HALE. It could be especially if the defense budget falls.

Senator GRAHAM. Right.

[The information follows:]

Military healthcare costs in the fiscal year 2014 President's budget request total \$49.4 billion. This equates to 9.4 percent of the Department's fiscal year 2014 request of \$526.6 billion in discretionary budget authority and assumes \$0.9 billion in savings if the Department's TRICARE fee and co-pay proposals increases are allowed by Congress.

By fiscal year 2023, even with the projected (but very uncertain) annual savings from DOD's budget proposals growing to \$3.6 billion, military healthcare costs are estimated to increase to \$68.8 billion of the Department's projected discretionary budget authority of \$615.5 billion. Without implementation of DOD's proposed actions to help slow this growth, healthcare costs will consume nearly 12 percent of the budget by fiscal year 2023. Because healthcare costs are primarily made up of medical/pharmaceutical and personnel related costs, which are anticipated to increase at a faster rate than the Department's overall budget authority, the growth as a percentage of the total budget authority is inevitable.

Senator GRAHAM. When is the last time there was a premium increase in TRICARE?

Mr. HALE. Well, 2 years ago, the Congress did allow about a 15-percent increase for TRICARE Prime and indexed it. But prior to that, it was the mid-1990s. So it was the first time since the mid-1990s.

Senator GRAHAM. I want a generous benefit, but I want a sustainable benefit. Do you agree with me that TRICARE is not sustainable?

Mr. HALE. I believe if we are going to sustain it, we are going to have a much smaller force and one that is less modern, and I think that is not the balance that we want.

Senator GRAHAM. Well, we are not going to fight our enemies with a good healthcare plan.

Mr. HALE. I could not have said it better, Senator.

AFGHANISTAN

Senator GRAHAM. Now, General Dempsey, when it comes to Afghanistan, are we winning or losing?

General DEMPSEY. Well, I sincerely believe we are winning.

Senator GRAHAM. I do too.

What happens if we lose?

General DEMPSEY. Well, the region will become less stable. I think there will be problems on Pakistan's border. Iran will be encouraged to become even more regionally aggressive.

Senator GRAHAM. Kandahar could fall back into the hands of the Taliban.

General DEMPSEY. We could find a reemergence of violent extremist groups.

Senator GRAHAM. And the difference between winning and losing is what we do between now and the next 18 months. Would you agree?

General DEMPSEY. Well, the difference between winning and losing is certainly what we do between now and the end of 2014, but also I think the commitment we make beyond—

Senator GRAHAM. I agree with you. Confidence is the key here. We do not need 100,000 troops in Afghanistan post-2014. But I think we need a residual force to maintain confidence and capabilities the Afghans do not have so we can end this war well.

Mr. Secretary, the election in 2014 in Afghanistan. How important would you say that is in terms of developing a safe, secure, prosperous Afghanistan?

Secretary HAGEL. Senator Graham, I think it is a key component because it is about confidence. It is about self-governance. It is about rights.

Senator GRAHAM. Do you not think the enemy will do everything they can to disrupt that election?

Secretary HAGEL. They will and they are doing it now.

Senator GRAHAM. Let us go to budgets. If sequestration is fully implemented, General Dempsey, how would you describe the kind of military we would have 10 years from now?

General DEMPSEY. Well, that is the effort that the Secretary has us undergoing right now. But at full sequestration—

Senator GRAHAM. You said some pretty dramatic things. Do you still stand by—

General DEMPSEY. Oh, yes. This will not be a force that will be adequate to the task.

Senator GRAHAM. Fair enough.

Do you agree with that, Mr. Secretary?

Secretary HAGEL. I do.

NUCLEAR WEAPONS

Senator GRAHAM. Iran. Mr. Secretary, do you believe the Iranians are trying to develop a nuclear weapon or peaceful nuclear power?

Secretary HAGEL. Well, I think, first, we stay focused on our policy and that is preventing the Iranians from acquiring any capability to weaponize—

Senator GRAHAM. Do you think what they are doing with the centrifuges is designed to produce nuclear weapons material or just peaceful power?

Secretary HAGEL. Well, it is certainly giving them options to move in that direction.

Senator GRAHAM. General Dempsey, do you believe the Iranians are trying to develop a nuclear weapon?

General DEMPSEY. As I have testified previously, I do not think they have made the decision, but as the Secretary said, they are positioning themselves to preserve the option.

Senator GRAHAM. Can you imagine why they would be doing all this if they are not trying to make a nuclear weapon?

General DEMPSEY. Leverage in all different areas.

Senator GRAHAM. I mean, do you think they are developing a medical isotope reactor?

General DEMPSEY. I think that is probably part of it, but it is increasing their leverage.

Senator GRAHAM. I mean, I just find it odd that if you are going to have a peaceful nuclear power program, you would go through all this hell to get it and have it built at a bottom of a mountain.

Do we have plans to deal with the Iranian nuclear program if military force is necessary?

General DEMPSEY. I think it is important to mention we have options both for their acquisition of a nuclear weapon but also for the other things they are doing.

Senator GRAHAM. Does Israel think they are trying to develop a nuclear weapon?

General DEMPSEY. I believe that if you were to ask my counterpart, he would say yes.

Senator GRAHAM. Is that true, Secretary Hagel? Would your counterpart say yes?

Secretary HAGEL. I think so. And he will be here, by the way, this week, and I am going to meet with him.

Senator GRAHAM. My time is about over. But I think it is important that we say to the world as a Nation that, yes, we think they are trying to develop a nuclear weapon and we are not going to let them. I just think that is important.

SYRIA

Finally, about Syria, how does Syria affect Jordan, Mr. Secretary?

Secretary HAGEL. Well, Syria affects everybody in the Middle East, as we are seeing.

Senator GRAHAM. You are right. You are dead right about that. It affects Israel certainly.

What I worry the most about is the King of Jordan becoming the first victim of Syria outside of Syria. Is that a rational thing for me to be worrying about?

Secretary HAGEL. I think it is very rational.

Senator GRAHAM. What would it mean to the region if the King of Jordan were deposed?

Secretary HAGEL. Well, I think a further destabilization of the entire region, and any way you would frame it or judge it, it would be very bad news for all—

Senator GRAHAM. Last question. Is Iraq getting better, worse, or the same? To General Dempsey and Secretary Hagel.

General DEMPSEY. Iraq has had probably the toughest month in its history since the end of our time in Iraq. And Maliki just met with Barzani for the first time in 2 years.

Senator GRAHAM. That is good news.

General DEMPSEY. It is very good news. But they are under significant pressure from al Qaeda.

Senator GRAHAM. What would you say, Mr. Secretary?

Secretary HAGEL. I would agree with the General. There is a lot going on here, has been the last 2—

Senator GRAHAM. And al Qaeda has risen.

Secretary HAGEL. It has risen. You saw the stories this morning about the fracturing of the army unit. So they have got problems.

Senator GRAHAM. Thank you all for your service, and all of us want to help. You got some amazing, hard decisions ahead of you, and sequestration to me is just unconscionable. We need to find a way to fix it. But thank you all for your service.

Senator DURBIN. Thank you, Senator Graham.

Senator Landrieu.

Senator LANDRIEU. Thank you very much, Mr. Chairman. It is a joy to join this committee, and I look forward to working with all of you. I am happy to be here.

Secretary Hagel, thank you for your service. General Dempsey and Mr. Hale.

Let me just associate myself with the prior remarks of Senator Mikulski from Maryland who has been absolutely a champion for victims of rape, domestic violence, and child abuse I might say. I think that she made an excellent point earlier about really focusing, Secretary, on the academies.

I had the pleasure to serve with Senator Reed for several years on the West Point Board of Visitors. He chaired it. And 5 or 6 years ago, Mr. Chairman, we had a very serious discussion at that level about the training of sexual assault. And I am going to send you some materials at least that I know were done at the West Point Academy. I do not know if I can speak for all the academies. But I think it is a very good place to start training the next generation, as well as other actions that can be done by this chairman and Chairman Levin of the Armed Services Committee and the women that are serving as well on these committees to really focus on this problem. It is shameful and it needs to be addressed in the most direct and effective way.

KOREA

Number two, I want to ask you, following up Senator Shelby, about North Korea. I know that we are all concerned, and in the newspapers, it is about their nuclear capabilities and their long-term intentions and the dysfunction of the society. But, Mr. Secretary, what just concerns me terribly is the recent—well, what concerns me terribly is the existence of these concentration camps. I know that there are articles that have been coming out, a flurry lately that talks about the 24 million people in North Korea that live in horrific general circumstances. But then reports from human rights activists say that there may be as many as 200,000 or 300,000 people in concentration camps. And the way you get there is by knowing someone that is thinking wrongly and your whole family gets sent there.

There was a remarkable story about a 23-year-old man that escaped miraculously, and a lot of this is based on his own personal eyewitness.

Is there anything that you can do with South Korea and with China to try to bring some level of relief or focus on these concentration camps? I mean, I do not want to sit here as a member of this committee like some people did in the 1940s and closed their eyes to what was going on in Germany. So are you focused at all

on this? Is there anything that we can do? Because I think this is a serious human rights issue.

Secretary HAGEL. Senator Landrieu, as you know, North Korea is probably the most closed country in the world. Our access to that country is essentially zero.

There are some things that have been ongoing and then they stop. One I noted here earlier this morning is the resumption of talks between the South Koreans and North Koreans, the first time in 6 years. The Kaesong facility, as you know, has been an opportunity to start integrating and incorporating. It does not deal with the problems that you are talking about, but because we have such limited influence and ability to change anything in that country, it puts us at, obviously, a very significant disadvantage to do much.

Senator LANDRIEU. Well, I understand.

I would just finish up this line with saying that there is a lot of respect and cooperation between, of course, South Korea and our military and for many, many years. And South Korea is a remarkable country. I just visited—and as many of our colleagues have been there to see. It is just extraordinary. It is the 12th largest purchasing power economy in the world, and it sits next to this country that is virtually closed and dysfunctional.

But if there is anything that our military can do to bring relief to these horrible camps, I am going to continue to work with you on that. That is going to be one of my focuses on this committee.

READINESS

Second, closer to home, Fort Polk has been training our soldiers jointly. You and I spoke about this. Right in central Louisiana, no encroachment, expansion, community so encouraging of this joint training base.

The budget has been reduced for training significantly. Let us see. The Army reports it has canceled between 6 and 10 Combat Training Center (CTC) rotations in response to the overseas contingency operations shortfall, which Senator Collins was referring to.

How concerned are you about impacts to our military readiness over time, reducing the training that goes on at some of our premier bases like Fort Polk, Louisiana?

Secretary HAGEL. Well, I am very concerned about it, as is General Dempsey and all of our leaders and we expressed that concern directly.

As General Dempsey often says, we are consuming our readiness. General Dempsey's comments earlier this morning about the cost alone that it is going to take us to get that readiness back. It is a huge cost to us and our readiness and our capabilities and our future. And we are not unmindful of that.

But we are living with the realities we are living with, and our first priority has to be the capabilities of our readiness where the threats are and the prioritization of that. And, unfortunately, the training is at the back end of that because you do not see it now—you do not need it now, but we will need it. And I think General Dempsey has made that point clear every time he has a chance.

Senator LANDRIEU. Good. And I thank you, General. I would like to underscore that.

I am going to submit my final question for the record and that is about the role of the National Guard, Mr. Chairman, in our cyber fight. You know, we need a million new cyber warriors. The Guard has 460,000 general strength, not only preventing attacks but responding to attacks that could cause civil panic. They are in a particularly important role. And I am going to ask you in a written question what you view, Mr. Secretary, as the National Guard's role in the cyber fight.

General DEMPSEY. Chairman, could I just—there is one image I want to leave with you because you are talking about the joint readiness training center at Fort Polk. We have the national training center. These are Army and the other services have similar training centers.

By canceling those rotations—I will use the sport of the moment, the NBA playoffs—what we are doing at local post camps and stations now is training individual players on a basketball team but not giving them the opportunity to scrimmage before we might at some point put them in the game. That is a bad place to be.

Senator LANDRIEU. And I would just like to underscore that. There are only a few joint training centers, and I do not mean to be, Mr. Chairman, too parochial, but that is perfect. And thank you, Mr. Secretary and General Dempsey. How ready can you be if you have not practiced together? That is the question. And it is really a problem.

Senator DURBIN. Thank you, Senator Landrieu.

Senator PRYOR.

Senator PRYOR. Thank you, Mr. Chairman.

And I would like to echo many of the comments that my colleagues made about sexual harassment, rape, and other similar actions. But I think that ground has been covered.

Mr. Secretary, let me ask you, and let me say welcome to the subcommittee. It is always good to see you. Let me ask you about something that barely predates you, something that you have inherited from the fiscal year 2013 NDAA, and it has to do with the critical manufacturing capabilities and capacities in DOD's organic industrial base.

In the bill, we asked for a report that was to be due about 3½ months ago, and I know you have some extensions through the Armed Services Committee, so I am not picking on you about that. But I think the way it currently stands is the Army has identified the critical manufacturing capabilities in accordance with the report but has not identified the level of work to sustain those capabilities. And that is really the second part of this we need to complete the picture. So a little bit of a good news/bad news. We have part of the picture but not the whole picture.

These arsenals are very important for our national security. For example, they make things in these arsenals that the private sector does not want to make either because they are too dangerous or too small volume. One example I know you are familiar with from your time in the service is white phosphorous. It is made in Pine Bluff, Arkansas. But all the arsenals make various pieces and very important pieces of what we do.

So, nonetheless, it is important that these arsenals continue to thrive and to be there when we need them. So I am curious if you

can give me right now an update on the report and, secondly, if you know when this workload piece of this will be made available.

Secretary HAGEL. Senator, I cannot give you an update. I do not know. I will certainly get back to the record.

But let me ask Bob Hale. Do you know?

Mr. HALE. I do not. We are going to have to get back for the record. I am sorry.

Secretary HAGEL. If that is okay, we will respond immediately. [The information follows:]

The Department is completing the final analysis and anticipates submitting the report by the end of July 2013. Per your inquiry, this report will include workload estimates, in direct labor hours, necessary to sustain the identified critical manufacturing capabilities. I will ensure you receive a copy of the final report upon completion.

Senator PRYOR. Sure. Like I said, you have some extensions through the Senate Armed Services Committee (SASC). So I am not picking on you about that. We appreciate that. But I think it is important. Some of us have these arsenals and other facilities that are very important.

HEALTHCARE

Mr. Hale, let me ask you on healthcare. I want to follow up on Senator Graham's question about that. He talked about how there is now a premium increase that is phasing in. But the question for you is—I mean, it is an important question about our healthcare for our men and women in uniform. But how should we go about reforming our healthcare system for the military? Are we looking at some sort of blue ribbon panel? Are we looking at Congress doing it? Do you have the authority to do it? Are we looking at something like a BRAC-type situation where at some point someone comes up with a package of recommendations that we either say yes or no to? How do you think we ought to reform it?

Mr. HALE. I think we are looking at a number of options. Some of them go to making the healthcare system more efficient. For example, in this fiscal year 2014 budget, we have undertaken—or there is preparation for it—an overview of our military treatment facilities, some of which have very low levels of utilization for a variety of reasons and whether they should be reformed. There are a number of efforts we have made to try to make the healthcare system more efficient to deliver the benefits at less cost.

And as you know, we believe some modest increases are appropriate for the retirees especially. When Congress set up TRICARE, the retirees were paying about 27 percent of the cost of healthcare. It is now about 11 percent. We will not move back to 27, but we believe we need to move back in that direction.

So I think we are developing a package. I do not know that we need a Blue Ribbon Commission. I think we need to enunciate them clearly to you and then we will need the support of the Congress because almost all of these require either laws or at least the consent of the Congress.

NUCLEAR WEAPONS

Senator PRYOR. General Dempsey, let me also follow up with you on one of Senator Graham's questions. He asked about Iran which

is on a lot of people's mind. You know, I see Iran's effort to get a nuclear weapon as a threat to U.S. national security. And I would just like to hear from you how you feel that it is a threat to U.S. national security.

General DEMPSEY. Thanks, Senator.

Iran is a threat to U.S. national security in many ways, not simply their move toward the potential to develop a nuclear weapon.

And I choose my words carefully because the intelligence community has not yet come to a conclusion that they intend to build a nuclear weapon, but as the Secretary said, they are certainly preserving and building on their options to do so which should be of concern to all of us and is. And we have been very clear as a Nation that we are determined to prevent them from acquiring a nuclear weapon because it would be so destabilizing to the region.

But they are also active in cyber. They have got surrogates all over the region and all over the world. They proliferate arms. They are a disruptive influence globally. And so I do consider them a threat to our national security.

Senator PRYOR. Mr. Chairman, let me just ask one follow-up. You used the term "destabilizing." Can you explain to the subcommittee how that event would be destabilizing and also how it might change the balance in the Middle East?

General DEMPSEY. The acquisition of a nuclear weapon? Well, look, this is all playing out in the context of a broader Sunni/Shia conflict across the region. It certainly stretches visibly from Beirut to Damascus to Baghdad. And Iran is very active in fomenting the violence on the Shia side of that equation. If they were to acquire a nuclear weapon, it is certainly conceivable that someone on the Sunni side of the ledger would feel obligated to do the same, and then we are off to what could potentially be a regional arms race.

Senator PRYOR. Thank you, Mr. Chairman.

Secretary HAGEL. Excuse me, Mr. Chairman. May I just respond to one question very briefly?

There is a panel, to your earlier point about TRICARE, so on, set up by the Congress, as a matter of fact. The two co-chairs are former Senator Bob Kerrey and former Senator Larry Pressler. I think it is nine members—seven members. And their objective is to look at future compensation benefits packages. So that has not been filled out yet. I think there are still a couple of members yet to be appointed. But that panel will be very active and they are starting to fill that out now.

Thank you.

Senator DURBIN. Thank you, Senator Pryor.

Senator Murray.

Senator MURRAY. Thank you very much, Mr. Chairman, and thank you all for coming before the committee and your service as well.

MENTAL HEALTH

Secretary Hagel, I want to start with you. Last year I asked Secretary Panetta to begin a DOD-wide review of how the Department diagnoses mental health conditions, and he agreed to do that. The Army recently completed their review, and there are some really valuable lessons we got from that. And it really underscored the

need to complete the entire DOD-wide review and identified gaps in care and improvements that need to be made.

Given the number of suicides we have already seen this year and our continued winding down from Afghanistan, I think it is really important that this review stay on track and wanted to ask you when you expect that review to be completed.

Secretary HAGEL. I am well aware of the review. I am absolutely committed, as Secretary Panetta was, to the review and addressing it as he said very clearly. When you look at the latest numbers—we had 350 suicides last year—and all the other extenuating dynamics that play out, it is, as Secretary Panetta noted, one of the great internal problems that we have.

As to your question when is it going to be due out, I do not know. Do you know, Bob? We will get back to you.

Senator MURRAY. I would like an answer, and then I think we have to really make sure we stay on track and make sure we get the diagnoses correct and respond right.

[The information follows:]

During the hearing you asked me about the status of the DOD-wide review on mental health diagnoses and the Department's progress in meeting the legislative requirements to create a joint, comprehensive suicide prevention policy.

In May 2012, prompted in part by allegations that certain mental health diagnoses and disability ratings of the Integrated Disability Evaluation System (IDES) may have been influenced by factors other than the medical diagnostic criteria, the Secretary of the Army directed a review of behavioral health diagnoses and evaluation, especially Post-Traumatic Stress Disorder (PTSD), in the context of DES/IDES. In June 2012, Secretary Panetta ordered all military branches to conduct such a review of behavioral health diagnoses for servicemembers who participated in a Department's disability evaluation system, to be completed no later than March 2014.

You also asked what progress has been made in meeting the legislative requirement to create a joint, comprehensive suicide prevention program. The Department is making progress on efforts to standardize, centralize, and evaluate all DOD prevention programs and policies. We published the Defense Suicide Prevention Program Directive on June 18, 2013. It establishes policy and procedures for the entire Department and accordingly assigns roles and responsibilities in accordance with the requirements for Suicide Prevention and Resilience contained in the fiscal year 2013 National Defense Authorization Act. The Department's joint efforts are guided by operational and mental health representatives from the Military Services, the National Guard Bureau, and the Joint Staff. We are also working regularly with the Department of Veterans Affairs, the Substance Abuse Mental Health Services Administration, think tanks, academia, and experts from a variety of civilian-run programs that have proven track records.

I look forward to working closely with you as the subcommittee considers the fiscal year 2014 Defense Appropriations bill. Thank you for your continued support of our men and women in uniform and our entire civilian workforce.

SUICIDES

Senator MURRAY. On the same line, the Army recently released some statistics saying that there have been 109 potential suicides so far this year. That is just in the Army. That is really high compared to last year and continues a disturbing trend you just referred to because we are losing more servicemembers today to suicide than we do in combat.

We have passed a number of initiatives and pieces of legislation to combat this problem and to provide some additional access to mental health resources.

I wanted to ask you, Secretary, what progress has the Department made in meeting the legislative requirement to create a joint comprehensive suicide prevention program.

Secretary HAGEL. Let me ask Bob Hale or General Dempsey because I kind of got in the middle of it, so the progress report—I do not know. I assume we have made progress. I have asked about it. I have gotten briefings on it. I know it is ongoing. I know we are doing it. I know Chief Odierno is focused on it.

General Dempsey, anything else?

General DEMPSEY. Yes, thanks, Senator. I do not have the dates and I cannot give you a progress report from memory. We meet as the Joint Chiefs of Staff (JCS) and then we get the periodic in-progress reviews. I would like to take that one for the record to give you the proper answer.

Senator MURRAY. If you could get both of those back to me.

[The information follows:]

In May 2012, prompted in part by allegations that certain mental health diagnoses and disability ratings of the Integrated Disability Evaluation System (IDES) may have been influenced by factors other than the medical diagnostic criteria, the Secretary of the Army directed a review of behavioral health diagnoses and evaluation, especially Post-Traumatic Stress Disorder (PTSD), in the context of DES/IDES. In June 2012, Secretary Panetta ordered all military branches to conduct such a review of behavioral health diagnoses for servicemembers who participated in a Department's disability evaluation system, to be completed no later than March 2014.

In assessing the Military reviews thus far, records at Madigan Army Medical Center, Joint Base Lewis-McChord, confirmed that some did contain modified mental health diagnoses, specifically regarding PTSD. Army has identified all other relevant cases and notified 99 percent of them; Navy has identified 98 percent of relevant cases and notification mailings are in progress; and Air Force has identified 72 percent of relevant cases and 81 percent of these have been notified. The Physical Disability Board Review is in process of obtaining all necessary records, including those from VA.

In regard to suicide prevention, the Department is making progress on efforts to standardize, centralize, and evaluate all DOD prevention programs and policies. We have drafted the Defense Suicide Prevention Program Directive that establishes policy and procedures for the entire Department and accordingly assigns roles and responsibilities. Other efforts include:

- The launch of a help-seeking campaign to reduce stigma.
- The development of an analytic-based method for identifying/targeting at-risk members.
- The Military Crisis Line which provides overall access to services.
- The development of Suicide Clinical Practice Guidelines and memorandum guidance.
- The development of training core competencies for gatekeepers, commanders, chaplains and clinicians.

While these activities are centrally coordinated by the Undersecretary of Defense for Personnel and Readiness, they are guided by operational and mental health representatives from the Military Services, the National Guard Bureau, and the Joint Staff. We are also working regularly with the Department of Veterans Affairs (VA), the Substance Abuse Mental Health Services Administration (SAMHSA), think tanks, academia, and experts from a variety of civilian-run programs that have proven track records.

Again, I look forward to working closely with you as the subcommittee considers the fiscal year 2014 Defense Appropriations bill. Thank you for your continued support of our men and women in uniform and our entire civilian workforce.

HEALTHCARE

Senator MURRAY. And in your testimony, you actually say that DOD is protecting funding for mental health. Can you just quickly say how those funds are going to be used, and are there programs that are going to be expanded under that?

Secretary HAGEL. I am going to ask the Comptroller to take you down through that.

Mr. HALE. We were referring to the fact that we will not sacrifice any of the quality of healthcare because of sequestration. We will find ways to meet all of our key healthcare needs. There may be some reductions, say, in research, development, testing, and evaluation (RDT&E) programs based on sequestration, but the healthcare for individuals will not be compromised.

Senator MURRAY. And the mental health side?

Mr. HALE. Yes, the same.

Secretary HAGEL. All the current programs that we have will be funded.

Mr. HALE. And in particular, Wounded Warriors will be our highest priority. I mean, we will do nothing to affect their care.

Senator MURRAY. Okay, I appreciate that. I do not want to lose track of the mental health side of this.

My last question is more strategic. Over the last 10 years, military installations across our country have grown dramatically to sustain the fight in two wars. I have personally seen in my home State Joint Base Lewis-McChord grow by 64 percent since 2006 to meet the demand.

Now, as the military shifts its focus to the Asia-Pacific region, the DOD is going to increasingly rely on the installations in our Western States. And I wanted to ask you today to discuss how DOD is taking advantage of the investments that we have now made over the last 12 years and the strategic value of our installations in the Western States like Joint Base Lewis-McChord and the Fairchild Air Force Base in Washington State to facilitate your long-term strategic decisions.

Secretary HAGEL. I will make a general comment in response to your question. Then if General Dempsey or the Comptroller would like to add anything.

Obviously, as you have stated, those assets that we have, especially in the western part of the United States, become—they have always been important, but become more central to that shift of our priorities based on threats and interests and our ability to defend those interests in the Asia-Pacific. So I do not think there is any question that that is going to continue, and that means infrastructure. That means all that goes with it.

Now, that does not mean that there will not be any adjustments or considerations of consolidations until we get down into some of these things as to the implementation of the Defense Strategic Guidance and, in particular, the Asia-Pacific rebalancing. By my general assessment of it is that they will remain critically important to that strategic shift.

Senator MURRAY. General Dempsey.

General DEMPSEY. The only thing I would add, Senator, is that I align myself with the Secretary's general impression that our rebalancing in the Pacific will certainly advantage that part of our infrastructure that tends to exist on the west coast.

But it is worth mentioning that the Army, for example, has not yet announced how it will go from its current strength, which is roughly just over 550,000 down to 490,000. Based on the last budget cut, the \$487 billion, there is going to have to be some number of brigades cut, and the Army has not announced nor shared with the Secretary where those reductions will come from.

On top of that, then we have got to account for sequestration, and I predict it will affect every installation in the continental United States and most of those overseas.

Senator MURRAY. Thank you very much, Mr. Chairman.

Thank you to all of you.

Senator DURBIN. Thank you very much, Senator Murray.

ACQUISITION STRATEGY

We have talked about a lot of ways that the Department of Defense is going to envision saving money and some of them more painful than others. We have not spent much time this morning talking about the acquisition strategy at the Department of Defense, which consumes a substantial amount of taxpayers' dollars each year.

Are you envisioning, Mr. Secretary, any changes in approach either to existing acquisition projects or future projects that could save us money and still keep us safe with the best technology?

Secretary HAGEL. Mr. Chairman, yes. We are constantly evaluating that. We are currently evaluating it. We have to if for no other reason than the reality of resource limitations. They have to align with our strategic interests with the President's strategic defense guidance, what kind of assets do we project that we are going to need out into the future. This is a constant evaluation.

I think when Ash Carter was the Under Secretary for Acquisition, he started a number of new programs that have been followed by the current Under Secretary Frank Kendall—Bob Hale will be able to provide some numbers on this—which have given DOD significant savings, at the same time enhancing our capacity and ability to align our assets and resources with our strategic interests and defending those.

So let me stop there and then General Dempsey may want to say something too. But the Comptroller may want to add some numbers to what I have just noted.

Mr. HALE. I do not have a number for better business practices that the Secretary was referring to in my head. I know that we have had success in kind of sharpening our pencils and getting our suppliers to do the same and weapons systems like the F-35. We have also, in this budget that is before you now, proposed termination or restructurings of weapons that will save about \$8.2 billion over the 5-year period. The precision tracking space system was one, SM-3 IIB missile, and also a major restructuring of the ground combat vehicle. So I see that continuing regardless of whether we see budget cuts and accelerating if we see cuts in the Budget Control Act and sequestration.

Senator DURBIN. When I speak to the contractors for the major acquisitions, virtually all of them have an argument that goes along familiar lines. The marginal cost of the next X, whatever it is, is dramatically less. So if you will keep buying, it will get cheaper. But, unfortunately, it is like going to the store and saying I am just going to buy sale items, and it turns out everything is on sale. And you really have to decide what is the most important thing.

CYBERSECURITY

A recent briefing on one of these weapons systems brought to mind the fact that what we are trying to do is to stay a step ahead of the enemy, any potential enemy. And this whole cyber war makes it more complex. Our enemies are vaulting ahead of where they once were by stealing the best ideas from us.

So can you address that particular issue in terms of the theft of this technology, the cybersecurity issue, and how it keeps forcing us to run faster to try to catch this rabbit?

Secretary HAGEL. As I had noted in some earlier comments in answering questions here this morning, I put the cyber threat as high up on the list of threats to this country as any one thing, and there are a lot of threats. We have got nuclear threats, terrorism, and so on. And one of the reasons I do is for the very reason you just noted, Mr. Chairman. You read about it almost every day in the papers about the theft of industrial base secrets and all that goes with that.

So, yes, we do have to stay ahead of it, and yes, we do have to work closely with the private sector. Yes, there is a mix and there is a balance on this. And we constantly try to achieve that right mix with resources and priorities and the technology. Technology drives it all.

Senator DURBIN. Thank you.

Mr. Hale, back to my first line of questioning, when you provide me with the information about the contractors' employees, if you could also provide me with their salaries. I would like to know what kind of sacrifice these contractor employees are making compared to civilian DOD employees through sequestration.

Mr. HALE. Will do.

[The information follows:]

In our fiscal year 2011 report to Congress on contracted services, we estimated the number of contractor full-time equivalents (FTE) to be 709,879. It is important to note that the 709,879 number equates to the full-time level of effort services provided to the Department, not necessarily the number of actual employees working for the Department. The total cost for this support was \$145 billion, equating to an average contract employee cost of \$205,000 per FTE. This is how much the Department pays the contractor for the service they provide. It does not necessarily represent how much is paid to the employee. Contract employees are paid directly by their companies, who set their salaries.

Additionally, you asked if it is true that the average contract employee costs about two to three times as much as the average DOD civilian employee performing similar work. It is true that the cost of a contractor FTE can be more expensive than Government employees performing similar work, in some cases as much as two to three times as you noted. At the same time, contract employees can represent the most cost efficient option for the Department, particularly for specialized demands of short duration and base operating and installation support functions. The private sector is a vital source of expertise, innovation, and support to the Department and the analysis of what we spend on each sector of the workforce must be location specific. I am committed to continuing to integrate the information we have about contractor costs into our programming and budgeting processes, in order to ensure our workload alignment decisions do not result in unnecessary expenses.

I look forward to working closely with you as the subcommittee considers the fiscal year 2014 Defense Appropriations bill. Thank you for your continued support of our men and women in uniform and our entire civilian workforce.

Senator DURBIN. Thank you.

Senator Cochran.

Senator COCHRAN. Mr. Chairman, let me just thank the panel. I think the hearing has been very informative, very straightforward. I appreciate the fact that they have been responsive to our questions, and in situations where we do not have the exact dollar amounts for a request, they are getting back to us with a more explicit request.

We want to be sure we cooperate with the Department of Defense. I do not know of any other responsibility that we have here in the Senate than to try to be sure we get this right. Protecting the safety and security of our American citizens is our highest priority, and I think we need to convey that from this panel, as well as to expect that same kind of commitment and attitude from the panel of witnesses before us.

Thank you.

Senator DURBIN. Thank you, Senator Cochran.

Senator Shelby.

Senator SHELBY. Mr. Chairman, I have one question. I think I will direct it first to Mr. Hale.

There will be, as I understand it, a significant increase in the number of ground-based interceptors located at Fort Greely, Alaska. And as the Department of Defense prepares to increase this number, as I understand it, from 30 to 44, which we believe is the right thing to do, nearly a 50-percent increase, what steps will be taken to implement the "fly before you buy" policy and how will this impact the unit cost of each ground-based interceptor in the near term? Mr. Hale, have you gotten into that?

Mr. HALE. Well, we are certainly committed to making sure these interceptors work, that testing goes on. It has been a little more successful lately.

Senator SHELBY. Absolutely.

Mr. HALE. That is very hopeful.

I do not have in my head a unit cost, but as you know, our plan is to refurbish one of the missile fields for operational use and to buy some additional interceptors, also to refurbish some that are now in storage.

So we will have some time. This is not going to happen immediately, and that will give us time to finish the testing program. And we are committed, as I said, to being sure this works before we expand its numbers.

Senator SHELBY. Thank you.

Thank you, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator DURBIN. Thank you very much.

My thanks to our witnesses today, all of you. And we will be working with you in preparation of the budget for the fiscal year 2014.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO HON. CHUCK HAGEL

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

REALLOCATION OF FEDERAL SPECTRUM

Question. Secretary Hagel, the reallocation of Federal spectrum is a topic that continues to receive attention and is a point of focus for the Obama administration. Does DOD have a plan for reallocating spectrum?

Answer. DOD has actively been working with the National Telecommunications and Information Administration (NTIA), the Federal Communications Commission (FCC), other Federal agencies and industry to assess spectrum relocation, sharing and other options for repurposing spectrum. These efforts have highlighted the importance of ensuring that spectrum repurposing decisions are technically sound and operationally viable from a mission perspective. The results so far have been promising. For example:

- The 1695–1710 MHz and 3550–3650 MHz bands have been identified for geographic spectrum sharing. Ongoing work through the FCC rulemaking process on the details of the sharing arrangements. DOD has large investment in weather satellite ground stations and critical radar capabilities in these bands.
- Ongoing assessment of two 5 GHz bands for sharing with unlicensed use; DOD already shares other segments of the 5 GHz band with unlicensed users.
- DOD has also been actively working with industry through the CSMAC Working Groups to progress the 1755–1850 MHz band evaluation, including working through highly complex technical issues, to assess and recommend practical frameworks. All analysis of this band is pointing to a combination approach which includes both sharing and relocation of Federal systems.

Question. What are the main concerns for DOD as it assesses spectrum reallocation?

Answer. DOD's main concerns are directly tied to the necessity of assured access to spectrum in order to meet its varying current and future global mission requirements, consistent with overarching Administration goals. From a DOD perspective, both sharing and relocation decisions pose potential risks. These risks are further complicated for DOD due to the magnitude, complexity and diversity of its operations. Successful relocation or sharing of defense operations is dependent upon the ability to conduct adequate analysis to determine cost and operational feasibility; availability of alternate spectrum to relocate systems to; adequate implementation funding; and adequate time to implement. If any of these conditions is not met, then the ability to transitioning defense and military operations for relocation or sharing is at great risk. While no decision to repurpose spectrum is "risk free," the risks can and must be managed.

Question. Could proceeds from auctioning DOD-held spectrum help alleviate DOD's growing budget constraints?

Answer. The Commercial Spectrum Enhancement Act (Public Law 108–494), as modified by the Middle Class Tax Relief and Job Creation Act of 2012 (Public Law 112–96), does not allow DOD or any other Federal agency to use auction proceeds for any activities other than costs that can be attributed to spectrum sharing or relocation associated with the auction. Any auction monies that remain in the SRF after the payment of relocation or sharing costs must revert to the U.S. Treasury, "for the sole purpose of deficit reduction," not later than 8 years after the date of the deposit.

DEFENSE INDUSTRIAL BASE—ROCK ISLAND ARSENAL

Question. In surge years, there is plenty of work and the rate arsenals charge is very competitive. But as workload declines, rates go up, pricing the arsenals out of the market in some cases. My colleagues and I have pressed the Army to improve its workload planning process, and as a result, Army is soon to release a new, Organic Industrial Base Strategic Plan to map a way forward.

How do you believe we can best support our organic industrial base during these challenging budget times? Will you work with the Army and this subcommittee to implement this plan and preserve these critical capabilities?

Answer. The Department recognizes that maintaining depots and arsenals provides readily available base and surge capabilities that enable our forces to respond to mobilization, national defense contingency situations, and other emergency requirements. Supporting the organic industrial base as well as our commercial industrial base will be a very difficult challenge in the face of severely restricted budgets. Industrial activities are competing with operational components for scarce available resources. The Department is taking proactive steps to meet these challenges. A

draft DOD instruction relating to arsenals will be issued this year. This instruction directs arsenals to identify critical manufacturing capabilities and sustaining workloads annually. The Army's recently published Organic Industrial Base Strategic Plan provides a forward-looking management framework that will ensure critical capabilities are sustained, balanced with private sector industrial base requirements, and available to surge to meet future wartime and other emergency operations. We will continue to work with the Army and this subcommittee to preserve critical industrial capabilities.

QUESTION SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. Making the situation more difficult, Congress's inaction has led to an across-the-board budget sequester. These cuts are the opposite of strategy, but they appeal to those who want to duck responsibility for their own policies.

In light of all these challenges, can you tell us how you will ensure that the "Skimmer" sets the right priorities, and how you will implement those priorities? When will the "Skimmer" wrap up, and what help can this panel offer? Last, what impact does sequestration have on your ability to reprioritize Pentagon spending?

Answer. The Strategic Choices and Management Review (SCMR) was designed to prepare us to shape the Department in different budget scenarios. It finished its analysis at the end of May and DOD leadership has been briefed on its results. The SCMR was guided by the 2012 Defense Strategic Guidance, which articulated priorities. DOD leadership provided further refinement of those priorities, which informed the strategic discussion in the SCMR. The SCMR itself did not set priorities, nor did it provide recommendations for implementation. Those would arise from discussions with the President.

If sequestration continues, the Department would greatly benefit from maximum flexibility to shift resources among appropriations. In addition, we will ask for Congress's help in passing legislation that will enable DOD to cut spending in areas that Congress has previously prevented. For example, the Department needs to be able to shed itself of excess bases. A new Base Closure and Realignment Commission (BRAC) is an essential step in cutting future spending. The Department also needs to be able to reform compensation. The President's budget contained a package of military compensation proposals that Congress must act on, including a modest increase in the fees and pharmacy co-pays for TRICARE; and providing servicemembers a 1-percent pay raise in fiscal year 2014.

Sequestration is irrational, it is mindless, and it is damaging. The Department sincerely hopes that Congress will work to end it.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

Question. Do you believe China's military modernization is sufficiently transparent?

Answer. I believe that China should be more transparent about its military modernization. The Chinese have taken some steps to increase transparency over the past few years, including regularly publishing defense white papers and establishing a spokesperson and Web site for the Ministry of National Defense. However, China's lack of transparency surrounding its growing military capabilities and strategic decisionmaking has increased concerns in the region about China's intentions. Absent a move towards greater transparency, these concerns will likely intensify as the People's Liberation Army (PLA) modernization progresses.

The area of defense spending is one example: It is difficult to estimate actual PLA military expenses due to China's poor accounting transparency and incomplete transition from a command economy. China's published military budget likewise omits several major categories of expenditure, such as procurement of foreign weapons and equipment.

Question. What are the prospects for expanded high level military to military engagements, as well as low level joint training activities?

Answer. Within the limits of the National Defense Authorization Act (NDAA) of 2000, we continue to work towards a healthy, stable, reliable and continuous military to military relationship with China, which is an essential component of a positive, cooperative and comprehensive United States-China relationship. Our strategy operates along three main lines of effort: improving cooperative capacity in areas of mutual interest, such as peace-keeping, humanitarian assistance, disaster relief missions and counter-piracy operations; fostering greater institutional understanding through contacts between armed forces at all levels; and building common views of the regional security environment and related security challenges, which

occurs primarily through institutional exchanges. We have made progress in all of these areas; however, the relationship currently falls short of a solid foundation sufficient to weather natural turbulence in the bilateral relationship.

Question. What are your greatest concerns with respect to China's growth in military capabilities?

Answer. My concerns have less to do with specific capabilities than with strategic intent. China publicly states that its rise is "peaceful" and that it harbors no "hegemonic" designs or aspirations for territorial expansion. However, the Chinese are continuing to pursue a long-term, comprehensive military modernization program designed to improve the capacity of its armed forces to fight and win short-duration, high-intensity regional military conflicts. They also appear to be using the capabilities of the U.S. military as a "pacing threat" toward which they have oriented much of their new development. We are concerned most with why China is developing these new capabilities and under what circumstances China might use them.

Question. Do you believe the theft of U.S. intellectual property is a matter of Chinese state policy?

Answer. I believe that at least a significant fraction of the theft of intellectual property that has occurred is either attributable to Chinese state entities or originates from China, as the Department noted in this year's report to Congress on military and security developments involving China. The National Counterintelligence Executive noted in its 2011 report, *Foreign Spies Stealing U.S. Economic Secrets in Cyberspace*, "China's intelligence services frequently seek to exploit Chinese citizens who can use their insider access to steal sensitive business information." Additionally, the United States Government continues to be concerned about malicious cyber-enabled economic theft of intellectual property, trade secrets, and confidential business information for commercial gain. We are engaging China directly on these issues under the auspices of the Strategic and Economic Dialogue, including the newly formed civil-military Cyber Working Group.

Question. The Air Force's fiscal year 2014 budget request includes funds to continue operating the Global Hawk Block 30's, but the Department has so far ignored current law and has not obligated the funds provided by Congress for the remaining three Global Hawk planes. Recent press reports indicate the Air Force will purchase the planes; however, some have speculated the Air Force will not purchase the planes sensors. Not purchasing the sensors would be a clear violation of congressional intent, as a Global Hawk without its sensors is useless to uniformed commanders.

When will the Air Force purchase the remaining Block 30 aircraft? Will the Air Force also purchase the sensors for those aircraft?

Answer. The Air Force is in negotiation with Northrop Grumman to procure three Global Hawk Block 30 Lot 11 aircraft and sensors. The program office released a request for proposal on June 25, 2013 requesting Not-To-Exceed Lot 11 proposals, in writing, due back to the Air Force not later than July 18, 2013. Planned request for proposal response dates support contract award dates of September 2013 (advanced procurement) and September 2014 (low rate initial production).

Question. Despite these guidelines, I continue to hear stories of servicemembers who were prescribed mefloquine when one of the other medications would have been appropriate and were not given the FDA information card.

What steps are the services taking to ensure that medical personnel prescribing this drug are following DOD and FDA regulations? How many servicemembers were issued this drug within the last year?

Answer. The Services continue to monitor mefloquine utilization. The Army and Navy have developed Continuing Medical Education programs for healthcare providers and pharmacists on the topic of prescribing and dispensing mefloquine. During calendar year 2012 2,261 prescriptions for mefloquine were given to 1,971 Active Duty servicemembers. The revised DOD policy for prophylaxis of malaria was released on April 15, 2013. The policy raises the medication atovaquone-proguanil to first line consideration along with doxycycline and indicates mefloquine should be reserved for individuals with intolerance or contraindications to both first-line medications. It emphasizes before using mefloquine for prophylaxis, care should be taken to identify any contraindications on an individual basis and ensure the patient information handouts required by the U.S. Food and Drug Administration are available.

Question. Will you address the issue of mefloquine toxicity by making it a focus area for research under the Defense Medical Research and Development Program and the War-Related Illness and Injury Study Center?

Answer. At this time a research effort in this area is not planned. The Department will continue to evaluate future research needs in this area.

Question. I had the opportunity to travel with Senator McCain and White House Chief of Staff Denis McDonough to Guantánamo last Friday, and let me commend

Admiral Smith and his team, working under very difficult circumstance and doing a great job. As I said to them, it is the situation and the policy that need improvement, not their efforts.

Secretary Hagel, do you believe that closing Guantánamo is in our national security interest?

Answer. Yes. The President's goal, which takes into account our national security interests, is to cease detention operations at the detention facilities at Naval Station Guantánamo Bay, Cuba. I fully support that goal.

Question. The President said he asked the Department of Defense to establish a site inside the U.S. to hold Military Commission trials. Maybe there will be more than one site eventually designated inside the U.S., but I hope that you will work quickly to establish a site inside the U.S. where we can start prosecuting, in Military Commissions, some of the approximately 30 detainees at Guantánamo who in 2010 the Guantánamo Task Force determined there was enough evidence to prosecute in either Military Commissions or Federal Court.

Do you believe that these, or the other detainees at Guantánamo, can be brought to the United States and held in secure facilities while they await trial or continued detention under the laws of war? Do you believe that these detainees can be transferred in ways that don't pose additional security threats?

Answer. Yes, I believe the Department could house detainees in secure facilities in the United States. Throughout our history, the United States has held detainees captured during armed conflict both in overseas theaters as well as on U.S. soil. The Department has already held as many as three detainees at the Naval Consolidated Brig at Charleston, South Carolina. The last of these three was transferred to Justice Department custody in March 2009.

However, legislative restrictions with respect to Guantánamo detainees have precluded transfers to the United States. Since 2009, each National Defense Authorization Act has prohibited the Department of Defense from using funds authorized to be appropriated by the Act to "transfer, release, or assist in the transfer or release to or within the United States, its territories, or possessions" those detainees currently held at the detention facility at Guantánamo. While such restrictions are applicable, the Department will not be able to transfer any detainees at Guantánamo to the United States.

Question. How long will it take DOD to establish a site inside the U.S. to be able to hold these Military Commission trials? Aren't there secure military courtrooms inside the U.S. already in existence where Guantánamo detainees could be tried almost immediately? Do you know how many of these approximately 30 GTMO detainees who could have charges filed against them can only be prosecuted in a Federal criminal court because the charges of "Conspiracy" and "Material Support to Terrorism" are no longer available in Military Commissions unless the *Al-Bahlul* decision is overturned?

Answer. The amount of time needed to prepare a site for holding military commission trials depends largely on the status of the detainee(s) to be tried. There are heightened security and handling requirements for High Value Detainees, such as the six individuals already arraigned and currently being tried for complicity in the 9/11 attacks and the attack on the USS *Cole*. It would take a number of months for the Department to establish a site inside the U.S. to hold military commissions for such individuals. For cases not involving High Value Detainees, there are already military facilities inside the United States capable of holding trials.

Recent D.C. Circuit decisions in the *Hamdan II* and *Al Bahlul* cases have limited the Government's ability to pursue charges in military commissions for conduct that pre-dates 2006, when Congress passed the first Military Commissions Act. The Chief Prosecutor has stated that many of the detainees designated for prosecution cannot be tried by military commission under current law because of the unavailability of material support charges for such pre-2006 conduct. The question of which, if any, of the detainees not prosecutable by military commission can be prosecuted in Federal court is a question for the Department of Justice.

At the Government's request, rehearing en banc has been granted in the *Al Bahlul* case, and briefing will begin shortly.

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

CIVILIAN CREDENTIALING

Question. Secretary Hagel, I have put much time and effort into assisting veterans transition into civilian employment. Too often, I have identified that civilian licensing or certification agencies are not appropriately recognizing the years of mili-

tary service that could translate into comparable requirements for civilian employment opportunities. Recently, I have been informed that the Navy has not continued with the re-submission of their training requirements to the Coast Guard for approval to recognize naval sea time and training requirements for domestic and international commercial service.

Why has the Navy not renewed their training documents with the Coast Guard to maximize the recognition that servicemembers could receive for comparable civilian skills in the merchant marine? When will the Navy address these issues?

Answer. As of March 2013, Navy courses that had previously expired were approved/renewed by the Coast Guard. There was a brief lapse in the submission of Navy training data for Coast Guard approval due to a gap in assignment of program responsibility. However, upon discovery of the gap during a program review, the material was submitted to the Coast Guard for credentialing review. The Navy is continuing analysis to identify other applicable training for submission. The Navy also remains committed to assisting Sailors as they transition into civilian employment by providing Sailors access to the Navy Credentialing Opportunities On-Line (COOL) Web site (<https://www.cool.navy.mil>) which helps Sailors find information on certifications and licenses related to enlisted ratings, designators, collateral duties/out of rate assignments, and officer designators to include comparable requirements for the Coast Guard and Merchant Marines.

Question. The Army is currently doing an exemplary job at maintaining their training certification with the Coast Guard and even goes so far as incorporating Coast Guard requirements into the Army training curriculum so that servicemembers are receiving Coast Guard credentials as part of their military training.

Has the Navy explored this option for servicemembers in the Navy? If so, what are the impediments to providing this training so that servicemembers have the opportunity to also receive their Coast Guard credentials?

Answer. The Navy has not explored the option of incorporating Coast Guard requirements into the training curriculum. The Army tailored its training to incorporate Coast Guard licensure which supports their material and logistics/transport mission (similar to Merchant Marine logistics/transport occupations). The Navy's training curriculum is different and supports the mission of delivering credible capability for deterrence, sea control, and power projection to deter or contain conflict and fight and win wars. However, there are several Navy occupations (both Officer and Enlisted) that have roles closely related to Merchant Marine occupations and are directly tied to Coast Guard licensure. These occupations currently have the opportunity to attain Coast Guard licensing based on their existing Navy training and experience. The Navy remains committed to assisting Sailors as they transition into civilian employment by providing Sailors access to the Navy Credentialing Opportunities On-Line (COOL) Web site (<https://www.cool.navy.mil>) which helps Sailors find information on certifications and licenses related to enlisted ratings, designators, collateral duties/out of rate assignments, and officer designators to include comparable requirements for the Coast Guard and Merchant Marines.

BIOFUELS

Question. I am pleased that recently the Department awarded contracts in Phase 1 of its Defense Production Act biorefinery program. The Federal funds are being matched—and then some—by private funds. I believe that this effort will be a game-changer for the biofuels industry, with the projected operational cost of the fuels to be less than \$4 per gallon. This effort will help advance the timeline for the commercialization of drop-in alternative fuels.

Assuming these companies are successful in Phase I, are you committed to making the Phase II awards under the Defense Production Act?

Answer. The Department of Defense is committed to making Phase II awards, provided an evaluation of the results of Phase I by interagency technical experts shows the project's technical progress, plans, and business strategy warrant a move on to Phase II. Phase I will take approximately 1 year to complete. Phase II, which is for biorefinery construction, will take approximately 36 months to complete.

Question. I want to clear a few things up about section 526, and the impacts on the Department of Defense in particular.

First, has section 526 in any way limited the Department from purchasing the fuels it needs to keep our country safe and our troops out of harm's way while fighting overseas?

Answer. No, it has not. Section 526 of the Energy Independence and Security Act (EISA) of 2007 provides DOD a useful baseline as we develop the fuels of the future and has not constrained our warfighting activities.

Question. Second, it is my understanding that a lawsuit filed by environmental groups seeking to prohibit the Department's ability to procure fuels from Canadian oil sands using the argument that it did not comply with section 526 was dismissed.

Despite persistent rumors from special interests to the contrary, does section 526 in any way limit or prohibit the Department's ability to procure fuels from Canadian oil sands? Why or why not?

Answer. No, it has not. The Department purchases the vast majority of its fuel on the open market without specifying the source of the feedstock. Since such a contract is not "for procurement of an alternative or synthetic fuel," but simply for fuel meeting our performance specifications without regard to source, section 526 does not apply.

Question. How does the Department's Defense Logistics Agency evaluate combined purchases of both conventional and alternative fuel, such as biofuel, under the requirements of section 526?

Answer. If the fuels are being purchased as part of the Defense Logistics Agency's bulk petroleum program, Section 526 Energy Independence and Security Act would not have an effect. Bulk petroleum purchases are the vast majority of the Department of Defense's fuel purchases. If the DOD were limiting the purchase specifically to an alternative fuel, the purchase would have to be evaluated under section 526. To date, however, DOD has not made combined purchases of both conventional and alternative fuel requiring evaluation under section 526.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

Question. I am a co-sponsor of the Cyber Warrior Act of 2013, which was referred to the Senate Armed Services Committee in March, and requires the creation of National Guard Cyber Response Teams in every State. I understand the Department of Defense has some concerns with legislation. However, even before this legislation was introduced, I included a requirement in the fiscal year 2012 Homeland Security Appropriations Act explanatory statement requiring DHS and DOD to provide a joint report regarding the costs and benefits of deploying the National Guard to prevent or recover from a cyber-attack. That Appropriations law was enacted on December 2011, the report was due on May 1, 2012. Congress has yet to receive it.

Why specifically is this report delayed?

Answer. The Department has worked closely with the Department of Homeland Security to provide input for this report, and we understand that it was delivered to the committee on June 12, 2013.

Question. What unique capabilities does the National Guard bring to the fight that can quickly meet and augment USCYBERCOM's evolving mission?

Answer. National Guard forces should be strategically integrated into the national defense cyber mission, including U.S. Cyber Command. As part of a Total Force solution, National Guard forces can be a source of the skilled cyber operators that we need. A critical element of the Total Force solution will be the need to train Reserve Component personnel to the same standard as the Active Component personnel. The civilian-acquired skills that many National Guard members have may help them meet the common training standards that U.S. Cyber Command has established.

Question. Does the ability to switch between title 32 authorities and title 10 authorities give the National Guard additional capabilities in the monitoring and defense of our Homeland?

Answer. We are working through the best way to integrate the National Guard strategically into the national defense cyber mission. National Guard forces should complement the Total Force in the same way that they do for other missions. As part of a Total Force solution, National Guard cyber personnel will need to be trained to the same standard as the Active Component cyber personnel to meet defense requirements. The Department of Defense is focused on working with the Military Departments and the National Guard Bureau regarding how these personnel can be integrated into our cyber force structure. The Department is also actively engaged with its interagency partners and the States to improve its ability to respond to cybersecurity challenges in a whole-of-government approach that leverages all appropriate authorities, including what role National Guard personnel could play when serving in a State Active Duty status.

Question. What can you do today to make better use of the capacity of the National Guard to address cybersecurity?

Answer. We are working through the best way to integrate the National Guard strategically into the national defense cyber mission. National Guard forces should complement the Total Force in the same way that they do for other missions. As part of a Total Force solution, National Guard cyber personnel would need to be

trained to the same standard as the Active Component cyber personnel to meet defense requirements.

Question. What training and education needs are there to ensure the Guard has robust teams that are ready to meet this very serious threat?

Answer. As the Military Departments retain training and accreditation authorities, each will make determinations regarding what civilian skills, experience, and credentials might be credited for otherwise required military training. It will be essential that National Guard members train to the common standards that U.S. Cyber Command is developing for all of its forces. These training requirements will ensure that all cyber personnel have the skills needed to conduct their particular operational responsibilities.

QUESTION SUBMITTED BY SENATOR THAD COCHRAN

STRATEGIC CHOICES AND MANAGEMENT REVIEW

Question. Secretary Hagel, I am told that the Services have submitted their input for the Strategic Choices and Management Review (SCMR) which you ordered. The results might be useful as we continue to look at how to allocate resources to the Departments and Agencies. What is the next step in the process of your review, and when do you plan to share the results with Congress?

Answer. The Strategic Choices and Management Review (SCMR) finished its analysis at the end of May and DOD leadership has been briefed on its results. Next, the I will meet with the President to brief him on the results to give him a sense of the choices that will have to be made if the DOD topline remains sequestered beyond fiscal year 2013. After I have met with the President, I will begin meeting with members of Congress to brief them on the SCMR results.

It is important to understand that the SCMR is not a set of recommended actions under various DOD topline assumptions—it is a set of options for consideration. The Department remains committed to the President's budget for fiscal year 2014 that was submitted to Congress as the best plan for allocating resources to the Department and Agencies to ensure that our national security requirements are met.

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

Question. The Pentagon recently reported that in 2012, an estimated 26,000 U.S. military servicemembers experienced “unwanted sexual contact”—an increase of 35 percent since 2010. What factors has the Department of Defense (DOD) attributed to this sharp rise, and what specific actions is DOD taking to prevent sexual misconduct in the military?

Answer. Based on responses, to the 2012 Workplace and Gender Relations Survey, the Department estimates that 6.1 percent of active duty women and 1.2 percent of active duty men experienced some form of unwanted sexual contact during the year prior to the survey. Unwanted sexual contact is the survey term for the contact sex crimes between adults prohibited by military law, which range from rape to abusive sexual contact (e.g., groping). The estimated rate of unwanted sexual contact experienced by men increased from 0.9 percent to 1.2 percent in 2012, but this change was not statistically significant. For women, the estimated rate increased from 4.4 percent to 6.1 percent, from 2010 to 2012.

We do not know what factors could account for the apparent increase in the incidence of sexual assaults against women. Our Workplace and Gender Relations Survey consolidates responses from active duty members—it is not a study of the entire military environment. Even victims of sexual assault themselves often do not know why an offender decided to perpetrate a crime against her or him. As such, our survey research does not provide us with causal explanations. We are working to enhance our research methods to help identify factors in the military environment that might better account for changes in the incidence rate of sexual assaults.

As part of the 2013 DOD-wide Strategic Sexual Assault Prevention and Response Plan, I have directed the Secretaries of the Military Departments to make the prevention of sexual assault one of their top priorities. Reducing and eliminating sexual assault requires a multipronged approach—one that leverages a wide range of initiatives and engages every servicemember to prevent the crime from occurring in the first place. When an assault occurs, effective processes and personnel with specialized training must be in place to respond, care for victims, investigate every allegation, and hold offenders appropriately accountable.

Underpinning our efforts is the need for enduring cultural change—requiring leaders at all levels to foster a command climate where sexist behaviors, sexual har-

assment, and sexual assault are not tolerated, condoned, or ignored; a climate where dignity and respect are core values we must all live by and define how we treat one another; where bystanders are trained and motivated to intervene and prevent unsafe behaviors; where victims' reports are taken seriously, their privacy is respected, and they are treated with sensitivity; and finally, a climate where offenders know they will be held appropriately accountable for their actions.

I have attached an Information Paper describing the Department's most recent initiatives to prevent and respond to the crime of sexual assault.

SECRETARY OF DEFENSE SEXUAL ASSAULT PREVENTION AND RESPONSE INITIATIVES

(As of July 1, 2013)

Sexual Assault Senior Leader Accountability and Engagement:

Secretary Hagel established and/or participates in a series of engagements involving military, Congressional, and civilian leaders.

- SECDEF Weekly Meeting: Secretary Hagel established weekly accountability and assessment meetings with senior DOD leaders from the Secretary's staff and the Services.
- White House Health of the Force Groups: Senior DOD leaders and Vice Chiefs of Staff of the Services participate in Coordinating and Working Group meetings to discuss DOD's approach and identify additional Executive Branch actions to combat sexual assault in the military.
- Congressional Outreach: Senior DOD leaders are participating in extensive hearings, meetings and engagements on pending legislation and the development of proposals to address the crime of sexual assault. Specifically, meetings and communications have occurred with numerous Members of Congress, to include Senators Gillibrand, Ayotte, Reed, McCaskill, Reid, Durbin, and Murray, as well as Representatives Speier, Tsongas, Turner and Susan Davis.

Enhancing Administration of Military Justice:

Secretary Hagel is committed to a comprehensive assessment of the military justice system, including the Uniform Code of Military Justice and the systems used to investigate, prosecute, and adjudicate adult sexual assault crimes.

- Response Systems Panel: Secretary Hagel recruited experts in their respective fields to serve on this Congressionally-mandated independent panel established under section 576 of the fiscal year 2013 National Defense Authorization Act; he spoke with the Response Systems Panel on May 17 and June 27, 2013 during its administrative meetings and previously called on the panel to deliver its report in 12 rather than 18 months.
- Secretary Hagel directed the DOD Acting General Counsel to:
 - Develop a method to incorporate the rights afforded to victims through the Crime Victims' Rights Act into military justice practice.
 - Evaluate the Air Force Special Victims Counsel pilot program and other approaches to ensure that victims of sexual assault are provided the advice and counsel they need to understand their rights and to feel confident in the military justice system.
 - Develop a legislative proposal to amend Article 60 of the Uniform Code of Military Justice to severely limit convening authorities' power to overturn convictions. This proposal has been completed and submitted to Congress.

Sexual Assault Stand-Down:

Secretary Hagel ordered the Joint Chiefs of Staff to develop a concept for a sexual assault prevention and response stand-down affecting their respective organizations as well as the Combatant Commands. The active force stand down was completed July 1. Reserve Component will be complete by September 1. The sexual assault and prevention stand-down included the following mandatory activities:

- Active review of credentials and qualifications of current-serving recruiters, Sexual Assault Response Coordinators, and Victim Advocates to ensure they meet applicable selection criteria and standards of conduct.
- Refresher training for recruiters, Sexual Assault Response Coordinators and Victim Advocates on professional ethics, their critical responsibilities and standards, and the impact on mission readiness for violations of standards.
- Purposeful and direct commander and leader engagements with servicemembers and civilian employees on SAPR principles and the climate of dignity and respect necessary in every workplace across the DOD.

Implementation of DOD-Wide Sexual Assault Strategic Plan:

Secretary Hagel directed the military Services to align their programs with a revised Sexual Assault Prevention Response Strategic Plan by July 31.

By clearly defining priorities, objectives, and tasks, this plan—and its effective implementation—will help ensure that the DOD's ongoing initiatives to reduce and ultimately eliminate sexual assault are being closely tracked and achieving their purpose.

Sexual Assault Accountability, Climate and Victim Advocacy Measures:

SECDEF directed implementation in the next 6 months of the following initiatives as a way to enhance commander accountability, ensure appropriate command climate, improve victim response, and ensure safety:

- All commanders must be provided results of subordinates' annual command climate surveys to improve insight into climate at every level of the chain of command (July 31, 2013).
- DOD component heads must direct visual inspections of all DOD workplaces, to include Military Service Academies, to ensure that facilities promote an environment of dignity and respect and are free from materials that create an offensive work environment (July 31, 2013).
- The Department must improve the effectiveness of sexual assault prevention and response programs in recruiting organizations, processing stations, and ROTC programs to ensure that new and aspiring servicemembers are aware of critical responsibilities and standards and to ensure safety (September 30, 2013).
- The Service Chiefs must develop methods to hold military commanders accountable for establishing command climates of dignity and respect, and incorporating sexual assault prevention and victim care principles in their commands (November 1, 2013).
- The Service Secretaries must implement methods to improve victim treatment by their peers, co-workers, and chains of command. Direct victim input will be incorporated (November 1, 2013).

DOD has made progress in preventing and responding to sexual assault, but we are not satisfied and recognize there is much more work to do. Our aim is to reduce, with the ultimate goal to eliminate, the crime of sexual assault from the Armed Forces.

Question. Of the estimated 26,000 instances of unwanted sexual contact that occurred in the military in 2012, 3,374 cases of sexual assault were reported. What steps is DOD taking to encourage victims of sexual misconduct to report their cases?

Answer. The Sexual Assault Prevention and Response (SAPR) Program has taken many steps to improve victim confidence, which leads to increased reporting and ultimately greater accountability for offenders. Our SAPR Program is focused on the victim as its foundation. We have created, resourced, and trained the entire force on the variety of reporting options that provide avenues for victims to seek support services. The DOD Safe Helpline, established in April 2011, offers anonymous crisis intervention for victims. The Restricted Reporting option provides case management and medical care without initiating an investigation, and the Unrestricted Reporting option provides case management and medical care while initiating an investigation by military law enforcement. Other enhancements include:

- Special Victims Capability: All responders—from investigators to victim advocates to chaplains—have received specialized training on how to best assist sexual assault victims. As we field the Department's new Special Victims Capability, victims will be supported through the military justice system by specially trained investigators, prosecutors, and Victim Witness Assistance Program liaisons.
- Legal Assistance Pilot Program: DOD is sponsoring a legal assistance pilot program in the Air Force with 24 full-time, specially trained attorneys who are providing legal representation to victims of sexual assault. Under this program, legal assistance attorneys represent victims in a confidential, attorney-client relationship throughout the investigation and prosecution processes. I have directed an evaluation of the pilot by November 1, 2013, to determine whether the program should be extended to other services or otherwise changed.
- Development of Methods to Improve Victim Treatment: To improve overall victim care and trust in the chain of command, increase reporting, and reduce the possibility of ostracizing victims, I have directed the Secretaries of the Military Departments to assess, monitor, and develop methods to improve victim treat-

ment by their peers, co-workers, and chains of command, and to report their methods to me by November 1, 2013.

These additional measures are underway to improve victim care and inspire greater confidence in the system:

- Sexual Assault Stand-down: The stand-down will provide purposeful and direct commander and leader engagements with servicemembers and civilian employees on SAPR principles and the climate of dignity and respect necessary in every workplace across the DOD. Also, Service leaders will conduct a review of credentials and qualifications of current-serving recruiters, Sexual Assault Response Coordinators, and Victim Advocates to ensure they meet applicable selection criteria and standards of conduct. It will also include refresher training for recruiters, Sexual Assault Response Coordinators, and Victim Advocates on professional ethics, their critical responsibilities and standards, and the impact on mission readiness for violations of standards.
- Victim option to request an expedited transfer within the installation or to a new installation or base.
- Credentialing of Sexual Assault Response Coordinators and Sexual Assault Victim Advocates to ensure that they meet professional standards and certification to a national standard, to enhance care for victims.
- Expansion of Sexual Assault Response Coordinators and Sexual Assault Victim Advocates across the force to ensure the delivery of services.

Retention of unrestricted reports and restricted reports for 50 years to enable documentation and claims within the Department of Veterans Affairs and to provide ample time for a victim to decide on converting a restricted report to an unrestricted report.

Question. In 2012, DOD gathered data on sexual misconduct in the military primarily by measuring instances of “unwanted sexual contact.” Does DOD plan to add specificity to future studies and surveys by gathering data that distinguishes between various forms of contact?

Answer. The Workplace and Gender Relations Survey of Active Duty Members (WGRA) uses the term “unwanted sexual contact” (USC) to ask military members whether, within the last year, they have experienced contact sex crimes between adults, prohibited by military law, which range from rape to abusive sexual contact (e.g., groping). Research on crime prevalence surveys shows that an analog term like “unwanted sexual contact” is the most effective means for capturing crime prevalence data from laymen. Identification of the kind of crime someone experienced is a legal determination and it is unrealistic to expect military members who are not judge advocates to understand the legal elements of a crime. However, the definition of “unwanted sexual contact” uses several behavioral anchors which allow us to categorize the kinds of unwanted behaviors a member experienced. This approach has been used consistently in DOD surveys since 2006.

USC is measured by asking members to refer to experiences in the past 12 months in which they experienced any of the following intentional sexual contacts that were against their will or which occurred when they did not or could not consent:

- Sexually touched them (e.g., intentional touching of genitalia, breasts, or buttocks) or made them sexually touch someone;
- Attempted to make them have sexual intercourse, but was not successful;
- Made them have sexual intercourse;
- Attempted to make them perform or receive oral sex, anal sex, or penetration by a finger or object, but was not successful; or
- Made them perform or receive oral sex, anal sex, or penetration by a finger or object.

A member is counted in the USC prevalence rate if he or she replied “yes” to any of the behaviors listed.

In fiscal year 2012, of the 6.1 percent of active duty women who indicated they experienced USC in the year prior to being surveyed:

- 31 percent indicated they experienced a completed penetration;
- 26 percent indicated they experienced an attempted penetration;
- 32 percent indicated they experienced unwanted sexual touching; and
- 10 percent did not specify the kind of unwanted sexual contact they experienced.

Of the 1.2 percent of active duty men who indicated they experienced USC in the year prior to being surveyed:

- 10 percent indicated they experienced a completed penetration;
- 5 percent indicated they experienced an attempted penetration;
- 51 percent indicated they experienced unwanted sexual touching; and

—34 percent did not specify the kind of unwanted sexual contact they experienced.

The proportions of the behaviors reported by women and men have remained statistically unchanged since 2006. While there may be some refinement of this item, these behavioral anchors will be used on the planned 2014 WGRA survey.

Question. What mental and physical healthcare and support services does DOD provide servicemembers who are victims of sexual assault?

Answer. Current DOD policy (DODI 6495.02 “Sexual Assault and Response (SAPR) Program Procedures”, Enclosure 7) describes the comprehensive elements of the care provided to victims of sexual assault. These include four key areas:

(1) *Timely and Standardized Healthcare Across the Services*

—It is DOD policy that sexual assault victims presenting to a medical facility must be seen and assessed immediately regardless of evidence of physical injury

(2) *Comprehensive Acute and Follow-Up Medical Care*

—All victims receive a comprehensive assessment including a history and physical exam to determine if there are injuries requiring immediate treatment.

—Once victims are medically stable, they are offered a sexual assault forensic examination (SAFE) and offered the services of a sexual assault response coordinator (SARC).

—Victims are also offered, at a minimum, testing and prophylactic treatment options for human immunodeficiency virus (HIV) and other sexually transmitted diseases; assessment of pregnancy risk with options for emergency contraception; counseling on any necessary or recommended follow-up care and referral services.

—When feasible, and with the victim’s consent, medical management is linked to the patient’s primary care manager for follow-up treatment to facilitate continuity of care and support.

(3) *Standardized Forensic Examination Procedures DOD Policy and Policy for Each Service Requires:*

—Victims of sexual assault must be offered a forensic examination.

—Procedures for conducting SAFEs follow the U.S. Department of Justice Protocol “A National Protocol for Sexual Assault Medical Forensic Examinations, Adults/Adolescents,” current version (“National Protocol”).

—Medical providers conducting SAFEs are trained to follow the “National Protocol” Standard.

—Medical providers in remote areas have access to the “National Protocol”.

—Availability of standardized SAFE kits at all Medical Treatment Facilities (MTFs).

—Providers use these SAFE kits and document their examinations with the most current edition of DD 2911 “DOD Sexual Assault Forensic Examination Report”.

—The services of a SARC are offered to the victims. The SARC or a Sexual Assault Response Victim Advocate is available to respond and speak to victims at any time requested.

—There is communication and coordination of care between the SARC responders and healthcare personnel.

—SARCs serve as a single point of contact to coordinate services that are provided to victims.

—SARCs are responsible for counseling victims on the choice between unrestricted and restricted reports, and for coordinating actions following the victim’s decision.

—There is a requirement for MTFs to have available healthcare providers trained to conduct SAFEs or to implement agreements for SAFEs to be conducted by a trained provider at a local civilian facility.

—Mechanisms exist to assure confidentiality in cases where the victim has elected restricted reporting.

—After a SAFE has been conducted, the chain of custody is maintained with all specimens being properly labeled and handed off to the Military Service-designated law enforcement agency (in the case of unrestricted reporting). There is a mechanism for the SARC to generate a restricted reporting control number (RRCN) for labeling in cases of restricted reports to preserve confidentiality of the victim while ensuring that the chain of custody for evidence will be retrievable if the victim chooses to proceed with unrestricted reporting at a later date.

(4) *Comprehensive Behavioral Health Services*

—Victims are assessed and offered immediate behavioral health services or a referral for follow-up services, as the victim requests or as clinically indicated. Be-

havioral health services are widely available across DOD to address the comprehensive emotional needs of traumatized persons, DOD has thousands of providers trained in evidence-based therapies for trauma.

A recent snapshot audit of the Services' compliance with policies regarding availability of trained healthcare providers, from MTFs or through community partnerships, indicates that the Services are in compliance. Sexual assault medical forensic examiners were found to be available 24 hours a day, either within the MTF, or through current signed agreements with local civilian facilities. Additionally, the audit demonstrated that each Service already has written policies addressing requirements for medical response to a sexual assault victim.

Question. You have formally expressed support for making changes to Article 60 of the Uniform Code of Military Justice (UCMJ), which currently allows military commanders to overturn court-martial verdicts in major criminal cases. What would the impact be on how DOD addresses cases of sexual assault in the military?

Answer. I do not believe that my proposal would cause any major change in the way DOD addresses cases of sexual assault in the military. Preventive efforts, care of victims, thorough investigations, thoughtful disposition decisions, and the courts-martial themselves would remain unchanged. The only change would be post-trial, limiting the authority of convening authorities to dismiss findings of guilty of serious offenses by courts-martial. This authority is used rarely and, in my opinion, is no longer needed because we can trust the members of courts-martial and our military judges, who make the decisions of guilt or innocence, to exercise their independent judgment and make those findings based solely on the facts and the law in each case.

Question. It has been reported that multiple managers of military sexual assault programs throughout the country—including one at an installation in my State—Have been relieved of their posts for alleged misconduct that conflicts with the duties of their roles. What types of training programs and behavioral standards are in place for DOD managers and employees of preventive sexual assault or post-assault programs? What is DOD doing to ensure that these standards are improved or better-enforced?

Answer. In February 2012, DOD SAPRO contracted with the National Organization for Victim Assistance (NOVA) in support of the establishment of the Department of Defense Sexual Assault Advocate Certification Program (D-SAACP). The goal of the D-SAACP is to ensure all DOD personnel working with victims of sexual assault meet national standards as established by the National Advocate Credentialing Program for training and providing direct victim assistance. The D-SAACP requirements include 40 hours of initial training and 32 hours of continuing educational requirements every 2 years. D-SAACP requirements exceed the national standard by further requiring that all applicants pass a background check and include letters of endorsement from commanders and supervisors. Training requirements were established in collaboration with the Department of Justice, Office of Victims of Crime and NOVA. In March 2013, SAPRO and NOVA completed an evaluation of DOD-wide Sexual Assault Response Coordinator (SARC) and Victim Advocate (VA) training, ensuring each course meets core competency standards.

In addition, I ordered a Sexual Assault Prevention and Response stand-down to: review credentials and qualifications of current-serving recruiters, SARCs, and VAs to ensure that they meet applicable selection criteria and standards of conduct; and conduct refresher training for recruiters, SARCs, and VAs on professional ethics, their critical responsibilities and standards, and the impact on mission readiness for violations of standards.

The stand-down was completed by the Active Force on July 1, 2013 and will be completed by the Reserve Force by September 1, 2013. Collectively, these efforts are designed to ensure standards are communicated, assessed, and enforced across the Department.

Question. What programs are in place to educate servicemembers about sexual assault and sexual harassment prevention and response? Are these programs mandatory for all servicemembers?

Answer. The Department of Defense has separate programs, each with separate authorities, to oversee training and policies regarding sexual harassment and sexual assault. Sexual harassment training and the accompanying complaint process fall under the Equal Opportunity Program, while issues regarding sexual assault training and policy rest with the Sexual Assault Prevention and Response (SAPR) Program. While both programs are under the purview of the Under Secretary of Defense for Personnel and Readiness, they have separate leadership and different programs. The training requirements for each program are described below.

Department of Defense military equal opportunity (EO) policy, which includes the prevention of sexual harassment, requires the Military Departments to take the following actions regarding training and education programs for all servicemembers:

- Provide periodic, mandatory education and training in EO and human relations at installation and fleet unit commands, during pre-commissioning programs and initial entry training, and throughout professional military education (PME) systems, as part of the overall effort to achieve EO within the Department of Defense.
- This training is provided to all servicemembers, enlisted and officer, including flag and general officers.
- The training includes comprehensive material on leadership roles and responsibilities, the prevention of sexual harassment, complaints processing, legal implications, reprisal prevention and detection, climate assessment methodologies, and managing civilian equal employment opportunity systems.

Examples of Service programs supporting this policy in the area of sexual harassment prevention training and education include:

- First Duty Station Orientation for newcomers and key personnel briefings delivered one-on-one to incoming Air Force leaders address sexual harassment prevention efforts, the unit climate assessment program, and other aspects of the Air Force EO program.
- Students and staff officers participating in Naval Reserve Officer Training Corps, Officer Candidate School, and Officer Development School receive one hour of training the first week of school as an introduction to the Navy sexual harassment prevention program.
- All Marine Corps personnel receive annual training on Marine Corps EO policy; prevention of discrimination and sexual harassment; and proper use of the Informal Resolution System.
- Cadets and midshipmen at the Military Service Academies receive annual prevention of sexual harassment training commensurate with their progression from the first through the fourth year at the Academy.

The Department of Defense SAPR Office is responsible for ensuring SAPR training is consistent throughout the Department and the Services. Core competencies and learning objectives for each type of training have recently been developed by the DOD SAPR Office and the Services based on these core competencies and learning objectives, the revised curriculum will be implemented by the end of this fiscal year.

SAPR training begins with accessions training when all recruits receive an initial SAPR brief within the first 14 days of training. This brief provides a basic understanding of the SAPR program and provides specific information on reporting options, including reporting options during training. Additional, more detailed, SAPR training is also conducted throughout recruit training and during follow-on initial training.

Mandatory SAPR training is conducted for each servicemember annually and SAPR training is also conducted pre- and post-deployment. Bystander intervention training is also conducted by Services on a regular basis, and SAPR is often included in broader ethics training throughout the Department.

All phases of PME from junior noncommissioned officer schools through the War Colleges also provide SAPR training. This PME training is designed to address the specific SAPR responsibilities at each grade and billet assignment. In addition, prior to assuming command, officers and their senior enlisted leaders are given specific SAPR training designed to address their roles in all aspects of SAPR.

Sexual Assault Response Coordinators (SARC), Victim Advocates, chaplains, and first responders also receive SAPR training focused on their specific billets. In addition, SARC professional certification requires a minimum of 40 hours of training for initial certification followed by an additional 32 hours of continuing education every 2 years.

The Secretary directed a Department-wide SAPR stand-down which was completed on July 1, 2013 for the Active Component and will be completed September 1, 2013 for the Reserve Component. The stand-down included a review of credentials for recruiters, SARCs, and Victim Advocates. In addition, they also received refresher training on professional ethics, and their critical responsibilities and the standards to which they will be held. Commanders also engaged their servicemembers on SAPR principles and the climate of dignity and respect necessary throughout DOD.

Question. Despite added attention to and appropriations for DOD screening and delivery of care to servicemembers with post-traumatic stress disorder (PTSD) and traumatic brain injury (TBI), mental health issues remain a very serious problem

for servicemembers. Are DOD's various mental health initiatives achieving the desired results?

Answer. The Department is intently focused on ensuring that the behavioral health of our servicemembers and their families remains a top priority. Over the last several years, DOD has hired more behavioral health specialists, brought on Public Health Service medical professionals, expanded our TRICARE network, and expanded the ways by which our beneficiaries can access mental health services. An important element of the Department's strategy has been to embed mental health specialists directly within military units, and this approach has helped us identify and intervene earlier with servicemembers, and has also encouraged our servicemembers to seek assistance when they need it. Access to behavioral health services has also been expanded through the Department's Patient Centered Medical Home initiative which is placing 470 behavioral health providers into primary care clinics. These strategies have achieved the desired result of a 40-percent increase in mental health providers hired in DOD over a 3-year period from 6590 in fiscal year 2009 to 9242 in fiscal year 2012. This includes a 37-percent increase in the number of psychologists, a 26-percent increase in the number of psychiatrists, a 32-percent increase in the number of social workers, and a 21-percent increase in the number of mental health nurses.

In addition to expanding access to mental health services, the Department has increased its screening and outreach efforts, implementing policies and clinical training for providers to ensure the early detection of servicemembers with symptoms of PTSD and TBI and to provide clear and specific guidelines for the management of acute and chronic conditions. New standardized Tri-Service workflow forms for routine psychological health screening in primary care and other clinical settings have also been implemented. And in fiscal year 2012, the Department finalized and implemented a comprehensive revision of the Pre-Deployment Health Assessment, Post-Deployment Health Assessment (PDHA), and Post-Deployment Health Reassessment (PDHRA) forms which all deploying servicemembers are required to complete. Recent data appear to indicate that the combined effect of the Department's deployment mental health outreach, screening, and treatment efforts has resulted in some encouraging trends. At the end of 2012 (4th Quarter) only 3 percent of returning servicemembers reported symptoms that raised concerns about possible PTSD and were recommended for referral to mental health specialty or primary care for further evaluation and possible treatment. Of those referred, 83 percent chose to follow through with their referral within the Military Health System and had a successful mental health encounter within 180 days after redeployment.

Access to TBI care has been also enhanced through establishment of the National Intrepid Center of Excellence (NiCoE), which provides cutting-edge evaluation, treatment planning, research and education for servicemembers and their families dealing with the complex interactions of mild traumatic brain injury and psychological health conditions. On June 13, 2013, the Department started construction for the third in a series of nine National Intrepid Center of Excellence Satellite Centers at Ft. Campbell, Kentucky, 1 year after breaking ground on the first two centers, built at Camp Lejeune, North Carolina, and Fort Belvoir, Virginia. Similar to enhanced mental health screening and outreach efforts, new "Policy Guidance for Management of Concussion/Mild Traumatic Brain Injury in the Deployed Setting" (DOD Instruction 6490.11) was signed September 18, 2012 to ensure servicemembers involved in potentially concussive events during deployment are screened and treated promptly for concussion. From October 1, 2011 through September 30, 2012, a total of 3,601 servicemember exposures to potentially concussive events were reported to the Combined Information Data Network Exchange/Blast Exposure Concussions Incident Report event-triggered system, and this TBI screening process identified 541 provisional cases of concussion, pending comprehensive medical evaluation.

While these efforts are improving access, quality, and transition of behavioral healthcare, the Department recognizes the need to further quantify the positive impact of its mental health initiatives and programs. The National Defense Authorization Act for fiscal year 2013, section 739, requires DOD to identify potential gaps and redundancies in psychological health and traumatic brain injury services and treatments, develop a plan for mitigating gaps and redundancies, and identify the individual within DOD responsible for leading the implementation of this plan. Additionally, the President signed an Executive Order (EO) on August 31, 2012, directing DOD, Department of Veterans Affairs (VA), and Department of Health and Human Services, in coordination with other Federal agencies, to take steps to ensure that Veterans, servicemembers, and their families receive the mental health services and support they need. The EO includes a requirement to review all existing mental health and substance abuse prevention, education, and outreach pro-

grams to identify programs that are effective and produce the greatest impact on outcomes while additionally identifying gaps and redundancies. Multiple initiatives are underway which respond to these mandates.

DOD, pursuant to the timelines of the contingent initiatives, charged the Defense Centers of Excellence (DCoE) for Psychological Health and Traumatic Brain Injury to begin conducting a mental health programs assessment in October 2012. An interim report regarding this effort is now under internal review with a subsequent report to follow in late 2013. DOD will submit its first phase report to the Committees in February 2014, responding to findings stemming from the President's Executive Order and studies of the effectiveness of DOD psychological health program initiatives. Subsequent annual reports of findings will be produced by the fourth quarter of each fiscal year from 2014 to 2017.

QUESTION SUBMITTED BY SENATOR SUSAN M. COLLINS

RUSSIAN ARMS SALES

Question. Despite American sanctions against arming the Syrian regime, Russia continues to support President Assad. Russia has reiterated its intent to provide the S-300 air defense system to Syria. What would the United States do if Russia provides Syria the S-300? And how can we mitigate this threat to Israel?

Answer. We have publicly, privately, and repeatedly urged our Russian counterparts to cease arms sales and deliveries to Syria, urging them to act as more responsible partners. The Administration continues its dialogue with Russia at the highest levels, following on the mutual understanding that a common approach—the proposed “Geneva II” conference—would be an important starting point to end the violence and to prepare the way for a political transition. The Department of Defense continues to develop and refine a variety of possible options for the President's consideration. We also continue to cooperate closely with Israel and all of our partners in the region who would be affected by the transfer of the S-300 so that we can understand the threat posed by this and other potential Syrian weapon systems.

QUESTIONS SUBMITTED TO GENERAL MARTIN E. DEMPSEY

QUESTION SUBMITTED BY SENATOR DIANNE FEINSTEIN

Question. I understand that China is developing a range of new military capabilities, including new stealth and conventional aircraft, advanced anti-ship missiles, and advanced ships. In fact, within the past year, China commissioned its first aircraft carrier.

What are your greatest concerns with respect to China's growth in military capabilities?

Answer. Our primary concern is with the strategic intent of China's military modernization efforts and its implications for cross-Strait and regional stability. We assess that China is pursuing a long-term, comprehensive military modernization program to improve its capacity to fight and win high intensity, short duration regional conflict. We are also concerned regarding China's assertiveness in space, cyberspace, and on its periphery. These concerns are intensified by elements of China's military build-up, particularly anti-access, area denial and power projection capabilities that could enable Beijing to use its military for coercive purposes. Although there have been modest improvements in transparency, there remains uncertainty about how China will use its growing capabilities.

I am committed to increase the frequency and the depth of our military-to-military relationship with China to encourage greater transparency and understating.

QUESTION SUBMITTED BY SENATOR SUSAN M. COLLINS

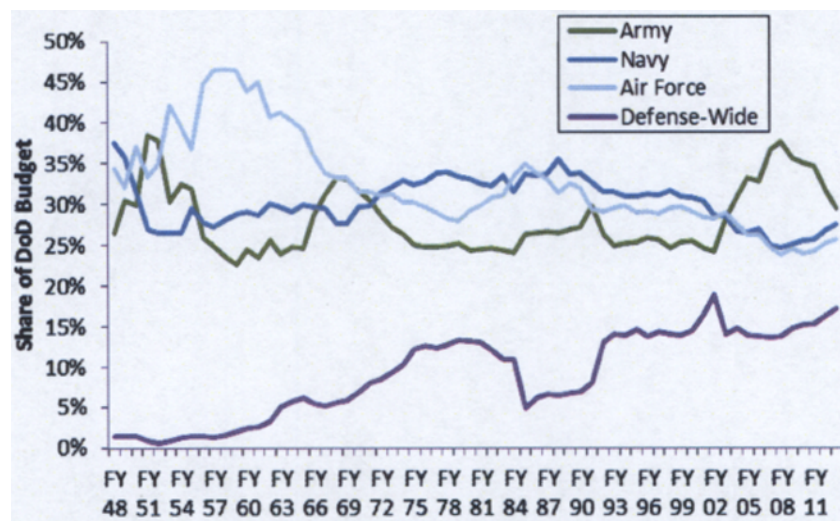
UNCHANGING SERVICE SHARE OF DOD BUDGET

Question. Since 1947, the share of the defense budget that each military service receives has remained relatively constant. This balance has been maintained even as the world has undergone fundamental changes in the strategic environment. The Cold War has ended and 12 years of land-based counterinsurgency operations in Iraq and Afghanistan are over or transitioning to Afghan security forces. According to the President's defense strategy, we are implementing a strategic rebalance to the

Asia-Pacific region, which I believe is the right focus—so long as it is properly resourced with the necessary assets such as a robust naval presence.

A 2004 Center for Strategic and International Studies report, *Beyond Coldwater-Nichols: Defense Reform for a New Strategic Era* finds that, because the budget process is Service-centric, there is “weak advocacy of the joint perspective.” How can we, as a Nation, adapt to the unique challenges of the 21st century if our budgets will not adapt to new strategic realities?

Answer. The chart below shows the Service’s share of the Defense budget from 1948 to 2011. The budget balance tips between the Services based on national needs—the Cold War increased the Air Force’s share, the Reagan build-up increased the Navy and Air Force’s share, and OIF/OEF, Gulf War, Vietnam, and Korea all increased the Army’s share. All of these changes reflect the Department’s adoption of fundamental changes in the strategic environment.



Our current conflict has proved that the Joint Force has never been stronger, and as Chairman, I established priorities to help guide the strategic direction of the Joint Force. The President’s budget implements and deepens the commitment to the new strategy, across all military services, meeting the Department’s needs in a complex security environment.

SUBCOMMITTEE RECESS

Senator DURBIN. The Defense Subcommittee will reconvene tomorrow, Wednesday, at 10 a.m. for a hearing on voluntary military education programs.

The committee stands in recess.

[Whereupon, at 11:47 a.m., Tuesday, June 11, the subcommittee was recessed, to reconvene subject to the call of the Chair.]